

OVERSEAS NEWS

Bridget Bloom looks at the deadlock in the Rhodesia conference

Guerrilla mistrust over Britain's proposals

AT THURSDAYS session of the Lancaster House Rhodesia conference, Lord Carrington, the Foreign Secretary and conference chairman and Mr. Joshua Nkomo, co-leader of the Patriotic Front, engaged in an acerbic little dialogue. "Our paper is quite straightforward," Mr. Nkomo said, describing the five paragraph document which he and his colleague, Robert Mugabe, had just submitted in answer to Lord Carrington's demand that they should accept the British draft constitution. "I wish I found it so," the Foreign Secretary replied, apparently remaining in as much confusion after he had adjourned to meet the two guerrilla leaders privately as he had been before. Those of us who were not privy to what went on at Lancaster House on Thursday (and no journalist was: that dialogue was reported by the official British spokesman) might be forgiven for being confused. Commentators agree that the conference is deadlocked. But it is, after five weeks, about to break up in disarray and recrimination? Or is what we've been witnessing for the past couple of weeks an "eyeball to eyeball" confrontation in which sooner or later one of the participants will blink—and work out a com-

promise formula to allow the deliberations to limp on to the next agenda item? The deadlock arises out of such complex tactical and strategic considerations that even the participants cannot at this stage say exactly how it will go. The specific problem just now is over the British draft constitution, the only subject discussed since the conference opened on September 10. Early this month, Lord Carrington asked both delegations to accept the document subject only to "satisfactory arrangements" being negotiated for the pre-independence transition. The Bishop acceded within two days. The Patriotic Front, after more than a week, listed its constitutional issues like the entrenchment of land rights, as well as issues covering the role of the army and police during the transition. If Lord Carrington accepted these reservations, negotiations on the transition could continue, the Front said. The Foreign Secretary then adjourned the conference for a few days. More precisely, the importance of the prize being negotiated is recognised by all three delegations. For Britain, the Front and Salisbury it is an end to the war and the acceptance of a legally independent Zimbabwe by the rest of the world. For the Front and Bishop Muzorewa's Salisbury delegation, as well as its dissident members Mr. Ian Smith and his white supporters back home, it is also about who rules the new country. Many of the problems of the past few days stem from this ultimate contest for power. Unless the right tactical moves are made now, the ultimate goal which the participants seek might be lost. Thus, for example, Bishop Muzorewa early on accepted Britain's new constitution. For the black members of his delegation, acceptance proved no problem. Lord Carrington, by abolishing white parliamentary blocking mechanisms and white control of the administration, has won the Bishop what he was too weak to negotiate for himself during the "internal settle-

ment" talks 18 months ago. Mr. Smith, however, stood out against this loss of white control, and declares that he will fight any further dilution of white influence in for example the army and police. The Bishop's acceptance of new elections under the British con-



Mr. Joshua Nkomo and Mr. Robert Mugabe

Britain had done all it could. The war would not end, but it could de-escalate, especially if, as seems likely, Zambia and Mozambique, which harbour the Front guerrillas, continued to have their economies undermined by the deprivations of war. Above all, this course would be popular with the Tory Party, would allow an end to sanctions, and—just possibly—"get Rhodesia off Britain's back" once and for all. Early this week, there were suggestions that Lord Carrington was trying to provoke the Front into walking out of the conference. A more charitable explanation of his "strong arm tactics," in which he has insisted on a direct acceptance of the constitution, is that he believes this is the only approach which will move the conference forward. He is intent (it is claimed on the advice of Commonwealth African Governments in Lusaka) on leading not mediating. But is mediation needed this weekend to save the conference? The frontline African states have observers in London; the Commonwealth Secretary General and other Commonwealth governments are deeply concerned. Mistrust between the Front and Britain is there, and it may be partly for that reason that the talks will ultimately founder. But the impression remains—and it can be no more than that—that ways will be found of preventing a breakdown at this stage.

Japan backs £1.4bn Iran plant

THE JAPANESE Government has agreed to provide financial assistance to complete a huge petrochemical complex being built by the Mitsui Group in Iran. Where construction has been stalled since last spring. The assistance will involve acquisition of a ¥20bn (£41.6m) capital share. Mr. Masumi Esaki, International Trade and Industry Minister, flew to Tehran yesterday to explain the Government decision to support the project. He is also expected to ask the Iranian Government to increase exports of crude oil to Japan, which have been cut well below levels agreed last spring. The Government has formally approved a plan under which it will provide, directly or indirectly, about ¥130bn of the ¥180bn now needed to finish work on the 85 per cent completed Iran-Japan petrochemical complex in Bandar Khomeini, formerly Bandar Shahpou, southern Iran. The fate of the project, where

costs have risen from an original ¥550bn to ¥730bn (£1.4bn) because of delays and inflation, has been in doubt since the Iranian Revolution brought about the downfall of the Shah. Talks on the project began over a decade ago. In addition to the ¥20bn Japanese participation in the capital, the Mitsui Chemical Development Company, the Government's Export and Import Bank, will extend credits (together with private banks) amounting to ¥80bn. The main partners and a large number of newly-found participants will put up the remaining ¥30bn Japanese portion of the new capital for the project. Five Mitsui group companies, led by Mitsui and Company, will provide the bulk of the capital increase (about ¥23bn), with a group of 20 banks and more than 50 companies contributing about ¥6bn. The Government role here is crucial, because the EXIM bank will lead those companies the necessary funds. Mitsui, faced with the enormous cost of completing the project, had originally sought direct Government investment of ¥40bn, but officials rejected that amount as too high. Iran became irritated at the delays while various Ministries debated the size of the investment, which comes from the Government's Overseas Economic Co-operation Fund. The Japanese Government decision will, if accepted by Iran, mean that a planned doubling of the capital of the joint venture company will take place. Both Iran and the Japanese companies (50-50 partners) had agreed to raise capitalisation to ¥200bn. It is assumed that Iran will be able to provide the extra ¥50bn called for under the plan. Japan was faced with little choice in continuing the petrochemical venture, both because of the need for stable supplies of crude oil from Iran, and the losses which Japanese companies would suffer if the pro-

Turkish diplomat's son shot in The Hague

By Charles Batchelor in Amsterdam POLICE in The Netherlands were last night hunting a man believed to be from an Armenian assassination squad who shot and killed Mr. Ahmet Benler, the 27-year-old son of the Turkish Ambassador to The Hague. The gunman, who had been standing at a bus stop, fired about five shots at Mr. Benler as he was waiting in his car at traffic lights in the city centre. After the shooting, just before 10 am, Mr. Benler drove on and collided with a number of parked cars before he died. He was alone in the car, a red Volkswagen with diplomatic markings. Mr. Benler was a student at the Delft College of Technology. Mr. Ozemir Benler, his father, became Ambassador to The Hague in 1978. The police later issued a brief description of the man they are looking for. Soon after the attack an anonymous caller to a news agency in The Hague said the shooting was the work of the "Justice Commando for the Armenian Genocide." Police in The Hague, who recently announced plans to step up protection for diplomats, said they had no indication that an Armenian group was planning any action. The organisation has already carried out a number of assassinations to avenge the deportation and killing of Armenians by the Turkish Government in 1915 and 1916. In the period between 500,000 and 1m Armenians were moved from an area which now forms part of Syria and 35,000 died.

Hua's Western journey will focus on economic issues

BY JOHN HOFFMANN IN PEKING PREMIER HUA GUOFENG, the Chinese head of state, and party chairman, left Peking yesterday to start a historic tour of four western European nations. The visit marks the first venture to the west by any head of the Chinese Government since the founding of the Communist Republic in 1949. After a pause at Urumchi in China's north-western Xinjiang province Premier Hua will fly to France, West Germany, Britain and Italy. The visit is Premier Hua's second outside China. Last year he set the style of China's new internationalism by making trips to North Korea, Romania and Yugoslavia. Reporting his departure today, the New China News Agency said the visit would "greatly promote mutual understanding between China and these countries, broaden the scope of their co-operation and contribute to the defence of world peace." Since the death of Chairman Mao Tse-tung in 1976, and the

Arrest in Giscard tax return case

By David White in Paris French police said yesterday they had arrested a former Government employee for possession of photocopied tax returns which had been published in the satirical newspaper, Le Canard Enchaîné. The arrest came two days after the same newspaper had published allegations that President Giscard d'Estaing received diamonds from the deposed Emperor Bokassa. The tax returns are those of the French President and two of France's wealthiest industrialists—M. Marcel Dassault, head of the Dassault-Breguet aircraft firm, and Baron Edouard-Jean Empain, Belgian chairman of the Empain-Schneider steel, engineering and nuclear conglomerate. President Giscard d'Estaing's tax declaration had appeared in the newspaper in June and M. Dassault's in September. Other reports concerning investments made by M. Raymond Barre, the Prime Minister, appeared last week in the right-wing magazine "Minute." Police said they had arrested M. Dominique Marie, aged 21, a former employee of the finance ministry after he had been held for presenting false papers in a traffic check. The photocopies were found during a search of his home. He was charged with theft, concealment and breach of professional secrecy. M. Marie told police he had obtained the documents on behalf of somebody else, as yet unnamed. The authorities had up to now been unable to pin down where it obtained the material which Le Canard Enchaîné reproduced.

AEG-Telefunken aid doubtful

BY JONATHAN CARR IN BONN THE WEST GERMAN government is under increasing pressure to come to the aid of AEG-Telefunken, the ailing electrical giant which is facing another big loss this year. But it is far from clear so far that Bonn will, in fact, intervene. Comments by Herr Hans Matthöfer, the Finance Minister, before trade unionists in Frankfurt on Thursday night were initially interpreted as meaning that government help was in the offing. Referring to the recent closure of some AEG plants and apparent plans for more, Herr Matthöfer said one could not stand idly by and see thousands of workers made redundant. But a finance ministry official said yesterday that Herr Matthöfer was not specifically referring to any planned government action. And the economics minister, Count Otto Lambsdorff, is known to be against state intervention—making it clear that that applies to AEG-Telefunken, too. AEG-Telefunken has a labour force of 163,000—most of them in West Germany—and turnover last year of DM 14.1bn. It is the country's second biggest electrical concern after Siemens. With a general election looming next year and a finance minister constantly and publicly stressing his dedication to policies to bring a return to full employment, it would be hard for Bonn to avoid stepping in. This point has not yet come, and may never do so, since new efforts are under way to put the concern on a healthier footing. An extraordinary company supervisory Board meeting has been called for October 24. It is widely felt that part of any new aid effort would have to include willingness by the banks to which AEG-Telefunken is heavily indebted to agree not to press part of their claims. The company made a loss of DM 347m last year and has paid no dividend since 1973. Dr. Walter Cipa, who took over as chairman in 1976, has been pushing through changes and rationalisation, including the complete abandonment of the company's atomic power station business, a heavy loss maker. But earnings were down again in the first half of this year, with overall orders stagnating. In the last few days AEG-Telefunken shares have plunged to their lowest level for many years.

Wage improvements ahead

BY OUR PEKING CORRESPONDENT A SWEEPING reorganisation of China's wage and price structure, intended to improve the living standards of China's 800m rural peasants, is expected to take effect on November 1. Chairman Hua Guofeng, China's leader, announced in June, during the annual meeting of the policy-making National People's Congress, that the Government would increase the real income of peasants by raising farm produce prices by 20 per cent. The move was calculated to placate a restless and un-

Leaders longing for stability

BY DAVID SATTER IN MOSCOW ON SUNDAY it will have been 15 years since the Communist Party Central Committee stunned the world by removing Mr. Nikita Khrushchev, the Soviet Premier, and putting in his place a "collective leadership," headed by Mr. Leonid Brezhnev and Mr. Alexei Kosygin. The revolt of the party against the holder of supreme power, a revolt which would have been unthinkable in the years when Stalin used the secret police to terrorise the party, brought with it a new type of one-man rule. Mr. Brezhnev quickly surpassed Mr. Kosygin in power and authority. But unlike Stalin, who crushed the party, and Khrushchev, who tended to ignore it, the colourless Mr. Brezhnev always seemed to embody it. His policies have consistently reflected the party's longing for stability, predictability and the enhancement of its members' own power. Mr. Brezhnev is now in failing health. But the leadership which emerged in the Soviet Union 15 years ago has striven to guarantee that the "Brezhnev era" will survive him. Stalin built the Soviet system at a cost of 20m lives and Khrushchev tried, fruitfully to reform it. Mr. Brezhnev, however, tried to rationalise it, to eliminate wild swings in policy and to a pattern of Soviet internal and external behaviour that could characterise the

Falldin plan to strengthen Swedish economy

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM SWEDEN'S non-socialist Government will soon be reinforcing the economy. Mr. Thörbjörn Fälldin, the Prime Minister, said yesterday when he presented his new Cabinet and its programme to the Riksdag (Parliament). The Cabinet includes eight Moderates (Conservatives), seven Centre Party members and five Liberals, reflecting the gains made by the Moderate Party in the General Election on September 16. In the key posts there is little change from the first government. Mr. Falldin formed in 1976. Mr. Ola Ullsten, the Liberal leader, takes the Foreign Ministry from the Centre Party's Mrs. Karin

Call to increase Euro-Parliament staff by 25%

By Elnor Goodman EUROPEAN MPs are expected to be asked to approve an increase of more than 25 per cent in the number of people employed by the European Parliament. The demand has already resulted in a disagreement between the Parliament's Bureau—the committee composed of leaders of all the political groups, together with the President and Vice-President—and the Budgetary Committee. It would also run into opposition from some member-Governments, unless the budgetary committee persuades the Bureau to modify its proposals. At present, the Parliament employs just under 2,000 people, many of whom travel around the three cities in which the Parliament operates. Now the Bureau has backed a proposal that the staff should be increased by 539. The increase, it is claimed, is necessary because of the more than two-fold rise in the number of MPs after the direct elections, and the imminent entry of Greece into the Community. Most of the extra staff would join the Parliament's existing central secretariat. But a specific request has been made for 128 people to work for individual political groups.

Danish backing for fishermen

By Hilary Barnes PLANS to compensate Danish fishermen for income lost because of the British ban on fishing in the Norway "pout box" received broad backing in the Folketing market committee yesterday. Mr. Uffe Elleman Jensen, committee chairman, said there was no doubt the Government would be able to carry out a plan for compensation after the October 23 election. But committee members gave little support to the idea of indemnifying fishermen for fines and confiscation of equipment if they entered the "pout box" despite the British ban.

Italian inflation up

By PAUL BETTS IN ROME Retail price inflation is now running in Italy at an annual rate of nearly 17 per cent compared to an original target of about 12 per cent for 1979. The worsening of inflation was confirmed by official figures released here yesterday showing a 2.5 per cent increase in consumer prices last month compared to the previous month. On an annualised basis, this corresponds in a 16.8 per cent inflation rate.



Mr. Leonid Brezhnev

trying to expand Soviet power and influence in Western Europe were apparently shelved in favour of trade and closer ties. The Soviet Union began to show a taste for respectability and at least some sensitivity to world opinion. The KGB made an effort to leave non-political people alone and to use as much force as was necessary to suppress dissidents, but no more. In the 15 years of Mr. Brezhnev and Mr. Kosygin's rule, the Soviet Union has become both a more moderate country and one more definitely sealed off from its own past. The moderation that has occurred has been beneficial in many respects. Yet it conforms to a bureaucrat's ideal of stability, rather than representing any attempt to get at underlying truths. In the service of their conservatism, the new rulers put an end to the discussion of the Stalin era, which Khrushchev had only encouraged, thereby assuring that their desire to stabilise the society for practical purposes would not lead to fundamental reforms. In doing so, they have achieved the predictable uniform society they aimed at. But the stability they would like to will to future generations may, at that very moment, have slipped once and for all. FINANCIAL TIMES, published daily except Sundays and holidays. U.K. subscription rates £38.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing centers.

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UK NEWS

ICL plant closure will be resisted

BY JOHN LLOYD

INTERNATIONAL COMPUTERS (ICL) plans to close its Dukinfield factory in Manchester...

The Association of Scientific, Technical and Managerial Staffs, ICL's largest union, said that the company had broken undertakings on local discussions on manpower planning...

The company yesterday rejected union suggestions that it intends to move out of the manufacture of larger computers...

Two new ICL factories have recently been opened in Manchester and much of the work previously done at Dukinfield has been moved to these...

The company confirmed that the computer services division of its business is more profitable than the hardware side...

workers, of whom approximately 15,000 were manufacturing workers. Last year, overall employment was at roughly the same level...

Over the same period, company turnover has grown from £82m to £500m, while the price of computing power, as is general throughout the industry, has raced downhill.

ICL acknowledges that it has not discussed the closure of the plant with the unions—union officers yesterday talked of the announcement as a "bolt from the blue"...

Mr. Tim Webb, the ASTMS national officer concerned with the computer industry, says that his union accepts the changing employment pattern.

The company faces two problems in the near future: first, anticipating the strategy of IBM and second, the end of the preferential purchasing agreement...

IBM has always cast a long shadow over ICL, yet the company has managed growth of over 20 per cent a year beneath it.

ICL yesterday announced the introduction of word processing facilities on its small business computers. The company claims this development offers a unique combination of word and data processing.

Clore estate frozen

THE \$80M ESTATE of Sir Charles Clore has been frozen in a legal move by his son...

This freezes the estate for six months unless the will's executors issue a warning to the caveat.

Mr. Clore left Britain to live abroad for tax reasons more than 20 years ago. He is a wealthy man, thanks to a trust fund believed to total some £20m...

A Somerset House spokesman said that he was unable to reveal whether any application for probate had been made...

In Jersey, where Sir Charles had considerable assets, another caveat was lodged by local lawyers.

RAY PERMAN ON SINGER'S SCOTS' CLOSURE Changing demands end a reign

THE COLLAPSE and disappearance of Singer's UK manufacturing plant at Clydebank has long been expected...

Singer occupied an important psychological as well as a physical place in the national scene. Established 128 years ago, it was the first U.S. investment in Scotland.

It is ironic that its demise comes in the same week as a promotional tour of American cities by the Scottish Development Agency...

For decades the Clydebank plant was the largest Scottish employer. At its peak just after the war its workforce was 23,000 and it was the company's most important production centre outside the U.S.

Few people in the town were not affected by its activities and the benefits it brought to the British economy were enormous.

Singer's pre-eminence in the work sewing machine market was undisputed in those days...

and the company, confident of its supremacy, failed to see in time the changing pattern of demand and the rapid strides being made by the new industrial nations like Japan and Taiwan.

Even a last-minute, and successful, campaign by the unions to persuade the management to keep on more workers and invest a further £2m failed to lift the spirits of the plant.

This year, as the important U.S. and European markets for domestic machines deteriorated even further, so did productivity at Clydebank.

By June, the position was so serious that orders were being lost because of failure to meet production targets.

The Government is now urgently considering making the town of Clydebank an emergency action area and may try to take on the redundant plant and workers.

In the past eight years more than 6,000 jobs have been lost through factory closures, the latest being the shutting of the Goodyear plant at Drunchapel in circumstances not unlike those at the Singer plant.

The Goodyear factory has remained empty for eight months, a depressing "ghost" building haunting attempts to attract new industries into West Clydeside.

Old industries have disappeared altogether and even the new ones have seen the promise of North Sea oil-related jobs turned sour when John Brown closed its offshore engineering subsidiary and Marathon Shipbuilders admitted that it was looking for a buyer for its Clydebank yard.

JBE Gas Turbines, seen as the one bright light in the gloom, recently had to cut back on employment as overseas orders for its engines fell.

Yet Clydebank is a community with a remarkable will to survive. The tiny district council, hampered by an enormous housing debt and falling rate revenue, has mounted a campaign to revitalise the town.

So far the Government has refused the request, but it is likely that the Singer news will prompt some new moves.

The Scottish Development Agency may be brought in to repeat the job-creating initiatives it is taking in Glasgow's poor East End and at Glenarnock, where the steelworks closed last year.

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Suzuki launches economy saloon

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

ANOTHER JAPANESE car is launched in the UK today in spite of the voluntary restrictions on shipments. Suzuki, better known for its motorcycles, is introducing the SC100, a car specially developed for the UK...

Mr. John Turner, managing director of the company set up to market the cars, said yesterday that 500 are in the UK and will be sold by the end of the year.

Negotiations about the quota for 1980 will begin with the Suzuki company in Japan in two weeks. He hopes to be allocated at least 1,000 for next year.

But Mr. Turner does not expect the Japanese industry to relax its voluntary restrictions, which suggests that the extra Suzuki will come in at the expense of major importers like Datsun and Toyota.

The marketing company Suzuki GB (Cars) is owned by Mr. Gerald Ronson's Heron Corporation through its Heron-Suzuki subsidiary, the motorcycle importer.

Heron-Suzuki sells about 40,000 to 50,000 motor cycles a year, giving it a 20 per cent UK market share and a £30m annual turnover.

In March, the car company started operations in the four-wheel market with specialist vehicles—a light van, a pick-up truck and two versions of a four-wheel-drive vehicle.

Suzuki GB (Cars) this year expects to sell 1,500 four-wheel vehicles, including the 500 cars.

In 1980, Mr. Turner hopes to be allocated at least 3,000 vehicles for the 22 dealers he has recruited.

The SC100 is a rear-engined, rear-drive car which will sell for about £2,400 and which, according to Department of Energy statistics, covers 55.5 miles per gallon at a constant 50 mph.

A similar car in Japan uses a two-stroke engine, and 48,000 are sold each year. But the UK version, apart from having a re-styled interior, incorporates a 970 cc four-cylinder four-stroke engine.

Suzuki is Japan's third-largest motorcycle manufacturer. It also has about 34 per cent of the car market, with an output of about 350,000 for 1978.

Banks back Welsh enterprise

By Robin Reeves, Welsh Correspondent

BARCLAYS and Lloyds have joined forces with the Welsh Development Agency, Wales's equivalent of the National Enterprise Board, in a venture to provide loan finance for small businesses in Wales.

The agency will undertake a feasibility study of businesses making loan applications. It considers the project sound, it will guarantee loans from the clearing banks of up to £50,000, charging only a commitment fee, normally of 1 per cent per annum flat.

The arrangement with the two clearing banks is similar to a scheme for businessmen with sound projects but without the necessary security already operating between the agency and National Westminster Bank.

Barclays and Lloyds will provide funds for a term of up to 10 years with a capital repayment holiday of up to two years in appropriate circumstances.

For loans from one to five years, the interest rate is currently 7 1/2 per cent flat, 14.2 per cent true over five years. Loans for six to ten years cost an additional 1/2 per cent per annum flat. The 10-year true rate on an 8 per cent per annum flat loan is 13.9 per cent.

Alternatively, borrowing may be linked to the base rate, in which case interest is 2 per cent plus base rate (minimum 8 per cent). In either case, the banks charge a 1 per cent arrangement fee.

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Judge told to ignore French oils report

BY JOHN MOORE

A HIGH COURT judge was told yesterday that it would be dangerous to rely on the findings of a survey prepared by French experts who investigated how a shipment of exotic oils from the Far East arrived at Marseilles containing water.

The survey, prepared in 1976, was critical of the drums in which the oils had been shipped from Indonesia. But it dealt with just one consignment. Hundreds of drums were involved and also went to other ports including Genoa, Rotterdam and London.

Mr. Nicholas Legh-Jones, junior counsel for Fuertis Day Lawson, commodity shippers, asked Mr. Justice Mocatta not to treat the French survey as hard and fast evidence.

Fuertis is suing Orion Insurance as representative of 20 underwriters, after the company refused to meet a claim for that part of the missing cargo which they had insured.

Neither expert could say with precision the moment at which the oil-water switch took place—either than it took place before shipment, he added.

"There is no mention there of any first-hand detailed investigation on the spot in Indonesia," he said.

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Health Ministry denies fluoride-cancer link

THE DEPARTMENT of Health said yesterday there was no evidence that people who drank fluoridated water stood a greater risk of developing cancer.

Adding fluoride to the water supplies to protect teeth might even reduce cancer mortality, a spokesman said.

"We would like to reassure the public that all research into fluoridation is considered by the Department's independent advisers and they have confirmed the view of the Royal College of Physicians that there is no evidence fluoride causes cancer."

The spokesman said it was true there had been a slight increase in cancer mortality, particularly from leukaemia, in Birmingham, the first British city to add fluoride to the water.

But the Royal College of Physicians' report had made it clear there was an even greater increase in cancer deaths in areas with low levels of fluoride.

Agents other than fluoride must therefore be responsible for causing cancer.

Institute director defends rates system

THE SYSTEM of raising income through domestic rates was defended yesterday by Mr. Noel Hepworth, the newly-appointed director of the Chartered Institute of Public Finance and Accountancy.

He said that the alternatives for raising cash would be to introduce a local income tax or VAT, or to increase the size of grant aid.

It was unlikely that the Government would be prepared to accept some kind of local tax, and it would not be easy to increase central government grants, he said.

Nobody could be expected to agree on what would be an equitable distribution of grants, said Mr. Hepworth. An arbitrary distribution would mean that the provision of finance would not be responsive to local pressures and needs.

Permitted lead levels in food to be halved

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

HALVING OF the permitted lead content in food was announced yesterday by the Ministry of Agriculture. An order laid before Parliament reduces from April 12, 1980, the permitted general limit from two milligrams per kilogram of food to one milligram.

The ministry said that because of changes in food technology lead content in food was already less than one milligram per kilogram. The new regulations were aimed at bringing up to date regulations laid down in 1961.

The reduction is in line with the recommendations of the 1975 report of the Food Additives and Contaminants Committee which investigated lead content in food.

The regulations announced yesterday lay down specific lead content levels for certain foods. Limits of two milligrams of lead per kilogram of fish—and 10 milligrams per kilogram for shellfish—have been introduced where no limits existed before.

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Redcar complex will produce cheapest iron in Europe

BY ROY HODSON

THE British Steel Corporation blast furnace complex at Redcar, Teesside, which started production yesterday, will make the cheapest iron in Europe.

The £400m investment, which includes the furnace, an iron terminal, and iron preparation plant and coke ovens, enables British Steel to make iron at rates comparable with the world's most competitive iron producers, the Japanese.

British Steel workers were sent on training courses on Japanese furnaces before the commissioning of the Redcar furnace and its ancillary equipment.

The furnace will make 10,000 tonnes of iron a day with the same manning levels as furnaces of less than half its capacity.

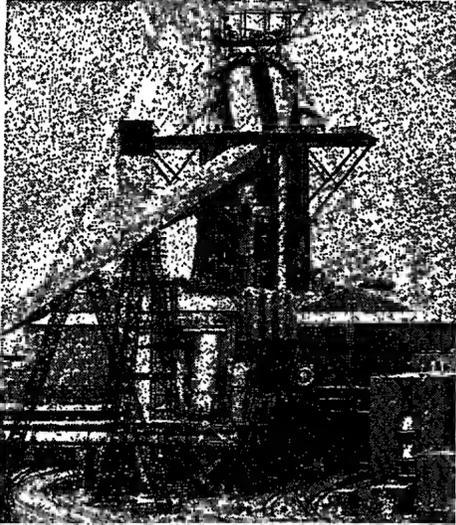
Cheap iron from Redcar will enable the corporation to be more competitive in its Teesside steelmaking for heavy steel products. Teesside steel, based on the new Redcar iron, is to be made available to the Corby steelworks, Northamptonshire where British Steel plans to end steelmaking within the next 12 months.

The Redcar project is the biggest single investment programme. It will play a vital part in reducing the corporation's production costs. Cheap iron from Redcar, linked to modern basic oxygen furnaces, is expected to enable British Steel to be one of the most competitive bulk steel producers in Europe in the 1980s.

The new furnace is five times bigger than the existing Teesside blast furnaces at Cleveland, which each produce 2,000 tonnes a day. As the output of the Redcar furnaces builds up ironmaking will be phased out from the old furnaces at Clay Lane, Teesside. However, they will be kept on standby as alternative ironmaking capacity for the Teesside steelmaking complex.

The Teesside division of British Steel is one of the corporation's main production divisions and employs nearly 15 per cent of its workforce.

The cheap iron produced by the new furnace will enable it to become one of the most productive British Steel units for products for a wide variety of industries including construction, engineering and railways, plate for shipbuilding, and engineering and pipemaking.



The new Redcar blast furnace

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Call to cut house conveyancing costs

SOLICITORS SHOULD simplify the house conveyancing process to keep costs down, the Law Society was told yesterday by Sir Henry Benson, the accountant who led the Royal Commission on Legal Services. In its report the commission said conveyancing work should remain with solicitors.

Many solicitors' offices which the commission had visited had reorganised and modernised, with the use of computers. Sir Henry told the Law Society's annual conference in Jersey.

Of the commission's majority decision on conveyancing, Sir Henry said it was in the public interest that trained people with integrity should do the work. "We did not accept that anyone could do the job," he said.

There was also a fundamental principle involved that the whole object of a profession was to ensure that people with the appropriate skills were available to the public.

Most of those who advocated making conveyancing a free-for-all destroyed their own arguments by proposing that the laymen who were to be allowed to do conveyancing should be given training. This merely created a second-grade lawyer.

Sir Henry said there were 6,500 firms of solicitors ready to do conveyancing, so it was misleading to speak of a monopoly, particularly if, as the commission proposed, there was greater freedom for solicitors to advertise and the public were able to shop around.

Those earning over £10,000 a year received substantial benefits in the Budget," said Mr. Davies. "There is now no good reason why the full value of their Rolls-Royces, their Jaguars, their Rover's and BMW's, and the tax-free petrol which is often provided, should not be taxed to the full."

Thatcher's 'double standards'

MR. DENZIL DAVIES, a Shadow Treasury Minister, yesterday accused the Government of operating featherbed capitalism for the few with perks and play toys and boot-strap capitalism for everybody else.

Mr. Davies said in Cardiff that Mrs. Thatcher, by refusing fully to tax the company perks of the higher paid, had again demonstrated the double standards of the Conservative Government.

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BL car prices increased

BL has announced price increases averaging 5 per cent on Jaguar, Triumph and MG cars. Austin Morris prices will rise by an average 3.8 per cent from Monday.

UK NEWS

Laker plans low-fare network for Europe

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

LAKER AIRWAYS wants to start a major network of low-fare Skytrain-type flights directly between Continental cities...

Laker spokesman said that "we expect and hope that the Civil Aviation Authority will license everybody."

Violent criminals must get no mercy, says Lord Hailsham

THE Lord Chancellor told magistrates yesterday that "out of the bowels of mercy" in certain cases of violent crime...

Michael Pocock dies at 59

BY SUE CAMERON

MICHAEL POCOCC, chairman of Shell Petroleum and Trading, died suddenly at his home in the early hours of yesterday morning...

BOC workers reject offer

BY NICK GARNETT, LABOUR STAFF

MANUAL workers at BOC's gases division have overwhelmingly rejected the company's pay offer...

British Airways to cut some first-class lounges

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS is to scrap the first-class upper deck lounges on ten of its fleet of 26 Boeing 747 jumbo jets...

Call for more self-catering tourist hotels

LONDON HOTELS should switch to more self-catering facilities in an effort to cut prices and win back lost tourists...

More overseas work for consulting engineers

BY MAURICE SAMUELSON

THE VALUE of overseas projects for which British consulting engineers were responsible rose last year to \$36bn...



Mr. Michael Pocock

Storm warning as BL shop stewards gather

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL SHOP stewards meet in Birmingham today to decide whether to resist company plans to close plants and shed more than 25,000 jobs...

More foreign precious metals hallmarked

By James McDonald

ALMOST a quarter of the gold, silver and platinum articles hallmarked in the third quarter of 1979 has come from abroad...

What future for consortiums?

BY MICHAEL LAFERTY, BANKING CORRESPONDENT

MR. DAVID MONTAGU'S resignation as chairman and chief executive of Orion Bank has added a new twist to the long-running debate about the future of London-based consortium banks...

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Advertisement for Multi-Ownership & Hotels Limited, featuring property investment opportunities in Scotland and Wales, including Loch Rannoch and Plas Talgarth Estate.

Upheaval

About 18 months ago David Montagu began a debate with shareholders about the future as a consortium-owned bank...

Strategy

Some of Mr. Montagu's former colleagues are not too optimistic about Orion's future prospects...

Wisdom

Mr. Pocock, who leaves a widow, Nina, and three grown-up children, was awarded the CBE in 1967.

Teachers will denounce evaluation as 'a fraud'

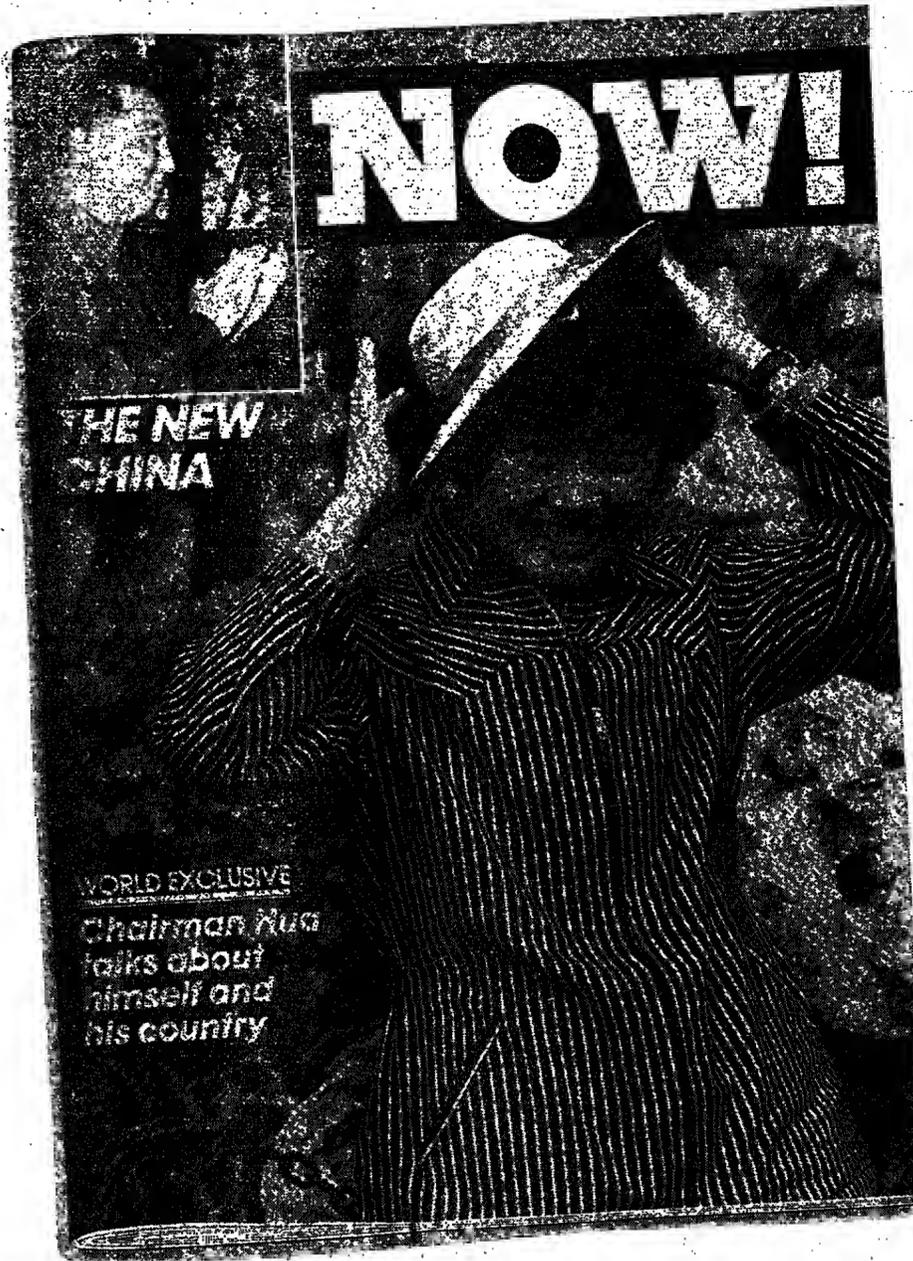
BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THE SECOND biggest teachers' union yesterday threatened to denounce as a fraud the job evaluation teaching exercise...

Heathrow strike off

BY OUR LABOUR STAFF

A THREATENED 24-hour strike at London Heathrow airport on Monday, was called off yesterday after British Airways staff were promised more money.



WORLD EXCLUSIVE INTERVIEW

The thoughts of Chairman Hua.

China's "unknown" leader speaks about himself and his country. A NOW! picture special.

Brezhnev's nuclear bluff.
NOW! reveals how vulnerable Soviet "peace" moves would make the West.

The Great Balloon escape.
The story of the most daring break for freedom since the Wooden Horse.

The Yorkshire Ripper.
New information which is helping the biggest police hunt in history.

Ian Smith's last stand.
A revealing portrait of the man at the centre of the Rhodesia crisis.

Storm over a Spycatcher.
Is "M" really the right man to beat the terrorists?

The Suzuki Offensive
The anatomy of a Japanese style car launch.

Patrick Huter writes about the Wall Street crash of '29, fifty years afterwards.

The man who is buying Rotherham United! A sports special by Alan Hubbard.

Frank Johnson at the Tory Party Conference.

Anthony Shrimpsley assesses the real challenge facing Margaret Thatcher.

Paul Johnson reviews the new biography of Prince Charles.

The Word before the Word - an archaeological text that predates the writing of Genesis.

Kathryn Samuel previews the Paris Fashions.

London's newest traditional theatre - the Lyric comes back to life.

Richard Baker's verdict on the new production of "Therese".

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UK NEWS—CONSERVATIVE PARTY CONFERENCE

Thatcher propounds harsh economic facts of life

BY JOHN HUNT AND IVOR OWEN

TRADE UNION power is out of balance and the Government must protect people against coercion by the unions. Mrs. Margaret Thatcher, told cheering delegates to her speech winding up the conference. There was particularly loud applause when she declared: "Millions of people go in fear of union power."

At the same time she concluded her speech by holding out an olive branch with the promise that however often the Government was rebuffed, it would continue to listen to the views of the unions.

"Let us do all in our power to see one another's point of view and to widen the common ground on which we stand," she said.

But it had to be understood that in the last resort national policy was the sole responsibility of the Government and Parliament.

The Government was determined not to print money to finance excessive pay settlements.

She went on, however, to address union members over the heads of their leaders.

She asked all those who were called in the next few months to take disruptive action to recognise that they were faced with a decision of conscience.

The consequences of these decisions would be felt by themselves, their children and fellow countrymen.

"Our supreme loyalty is to our country and the things for which it stands. Let us work together in hope and above all in friendship.

"What madness it is, that winter after winter we have the great sea-piece battles, in which the powerful unions do so much damage to the industries on

which their members' living depends."

The struggles for wage increases disregarded output, profit or any other measure of success. They ignored the reality that there was an inescapable link between prosperity and production.

Since the start of the year, scarcely a week had passed without some group calling for higher pay.

Firmly, the Prime Minister went on: "Listening to the chorus of pay demands you might imagine that a 100 per cent pay rise for everyone in the country would solve all our economic problems. But we all know that the only result would mean doubled prices."

The key to prosperity lay not in higher pay but in higher output.

The reason Britain was the third poorest nation in the EEC had little to do with pay but everything to do with production. One could not have a West German standard of living with British standards of output.

West German pay plus British output equalled inflation—and that was exactly what had been happening.

Mrs. Thatcher declared: "The unions win pay awards their members haven't earned. The company pays out increases it cannot afford. The prices to the customer go up. Government prints the money to make it all possible."

The result of this for Britain had been the most uncompetitive industry, the lowest economic growth rate and the highest rate of inflation in the industrialised world.

"This Government wants the greatest possible co-operation with both sides of industry and we will go a long way to get it.



But we will not—repeat not—print money to finance excessive pay settlements."

The Prime Minister also resorted to firm language when she turned to the subject of trade union reform. Changes had to be made because the present state of labour relations was out of keeping with the needs of the time.

"When the trade union movement began, it set out to secure for its members a fair return for their work. Today, the conflict of interests is not so much between unions and employers as between unions and the nation, of which trade unionists and their families form a large part."

"It is the British people who have to bear the brunt of the suffering which strikes impose on society."

"We have to bring about a fair and just balance between a man's right to withhold his labour and a small minority's determination to impose its will upon the majority."

"As a Government, we cannot and will not coerce people but we can and must protect people against coercion."

"That was why the Government was introducing before the year was out legislation on secret ballots, secondary picketing and the closed shop. "Let

there be no doubt about that."

According to Mrs. Thatcher, the majority of the union rank and file welcomed the proposals. She hoped that union leaders would accept them too.

She emphasised that widespread strikes of the sort we had seen hit the families of everyone else. There were immense losses of production and the people who benefited were our foreign competitors.

"I think the nation recognises—indeed has recognised for a long time—that trade union power is out of balance."

"We believe that the great power wielded by unions calls for greater accountability to their members."

"That was why special emphasis was being placed on the secret ballot. But the Government was also particularly concerned about the closed shop which, together with secondary picketing, made it possible for small groups to close down whole industries with which they had no connection."

"Cross the picket line to do your job and you risk losing both your union card and your job," she declared. "Millions of British workers go in fear of union power."

She maintained that this was why the call for changes was coming from trade unionists themselves. They wanted to escape from the rule of the militants.

"Today, trade unions have more power over working people and their families than any boss has."

The Prime Minister reaffirmed the view expressed by Lord Carrington, the Foreign Secretary, earlier in the week that the lifting of sanctions against Rhodesia could not be far off.

She stressed the importance of securing the widest possible international recognition for Rhodesia on its transition to legal independence. "I understand and share your impatience to bring this about. There have been too many wasted opportunities."

It was also in Rhodesia's interests, and an inescapable duty for the British Government, to do everything possible to bring an end to a war which had caused the most cruel suffering.

"What is the purpose of continuing this war?" asked Mrs. Thatcher. "It cannot be to bring about majority rule that has already been accomplished. If it is to win power, then those who wish to do so must be prepared to proceed democratically through the ballot box."

The Prime Minister recalled that at Lusaka the Commonwealth Heads of Government called for free and fair elections, supervised under the British Government's authority. "We stand ready to do this."

The Prime Minister also made it clear that she expects "very real progress" to be made in reducing Britain's contribution to the EEC Budget at the next Common Market summit in Dublin at the end of November.

"If nothing is done, we are faced in 1980 with the appalling prospect of having to pay £1bn more to our European partners than we receive from them, even though we have almost the lowest income per head in the Community."

"The hard-pressed British taxpayer will not stand for paying still more in order to reduce the tax bills of our wealthier Community partners."

Mrs. Thatcher claimed that the Government's commitment to the EEC had enabled it to restore trust and confidence so that more had been achieved in the last five months than during the five years of Labour Government.

She did not underestimate that Britain faced on the size

of the Budget contribution, or in securing changes in the fisheries and agricultural policies of the Common Market.

"But equally we must not underestimate our opportunities as members of the community. The future of western Europe is our future too."

She saw the three most important objectives of the Community as being international peace and justice, economic prosperity and freedom under the law.

Dealing with the important defence issues needing to be resolved, she said that Britain and her NATO allies would soon have to decide whether to modernise their existing nuclear weapons.

"These will be difficult decisions for some of our allies, and we must expect to see the Soviet Union mount a powerful psychological campaign to prevent the alliance from redressing the balance."

Mrs. Thatcher promised that the Government would be looking very closely at President Brezhnev's recent speech offering troop reductions to see whether it was the opening shot in that campaign or whether it was a genuine attempt to reduce tension in Europe.

She pledged that Britain's conventional forces would not be neglected. The improvements in forces-pay introduced by the Government on taking office had remedied a grave situation. Service pay was now at its proper level and would be kept there.

In paying tribute to the work of the security forces in Northern Ireland, the PM declared that the goal was the same peace for which the Pope had appealed during his visit to Ireland.

"To all the people of the province of Ulster, I repeat this pledge: We do not forget you, we will not abandon you."

"We must and we will find a way of restoring to you more control over your own affairs. We must and we will find a way to peace for your deeply troubled part of our United Kingdom."

Mrs. Thatcher firmly maintained that Britain was capable of achieving an improved economic performance.

She denied that the country had to choose between a capitalist wealth-creating society on the one hand and a caring compassionate society on the other.

The industrial countries that outproduced and outsold Britain were precisely those countries with better social services and better pensions than those available to the British people.

"It is because they have strong wealth-creating industries that they have better benefits than we have."

"What our people seem to have lost is belief in the balance between production and welfare. This is the balance that we've got to find. To persuade our people that it is possible through their own efforts not only to halt our national decline but to reverse it requires new thinking, tenacity and a willingness to look at things in a completely different way."

In reviewing the Conservative election victory, Mrs. Thatcher admitted that some of those who had voted for the party did so more in hope than belief, with their fingers tightly crossed.

She understood their caution, because so much had been promised in the past and so much had come to nothing.

Scepticism and impatience were understandable. "Already I can hear some of them saying, 'The Conservatives have been in five months. Things don't seem to be much better. Do you think the Conservatives can really do it?'"

Amid a roar of approval, Mrs. Thatcher declared: "We say to them 'Yes, the Conservatives can do it. And we will do it. But it will take time.'"

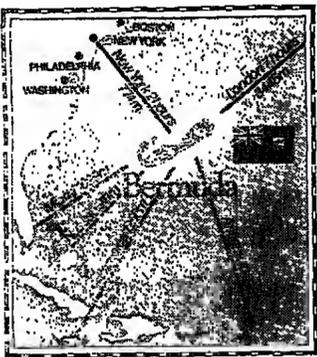
The four economic issues which were central to the Conservative election campaign were inflation, public spending, income tax and industrial relations. These were not separate and distinct issues but were all closely related. "You can't cut tax unless you curb public spending. For it is your tax which pays for public spending. The Government has no money of its own."

Mrs. Thatcher added that if Labour's lavish spending solved all problems there would now be none left to solve.

She quoted a letter she had received from a small businessman: "Please stick to your policy. It is the only way that we shall eventually solve our problems."

Mrs. Thatcher commented: "This is exactly the kind of man whom our Government seeks to encourage. It is small businessmen like this who, given the chance, will provide more jobs and more wealth."

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Tories succumb to Showboat mood

BY ELINOR GOODMAN

After four days on a fairly stolid diet of realism and responsibility, Tory representatives were determined to let go yesterday.

Hours before Mrs. Thatcher was due to appear, a queue wound its way around the amusement arcade. Some delegates even sat through the morning's debate on Europe to be sure of a seat in the afternoon.

West Midlands Young Conservatives sold so many 75p white polystyrene "victory hoisters" that they will never have to give a jumble sale again.

Respectable Tory ladies, who now know far better than to wear ordinary hats at conference, donned the hoisters with the enthusiasm of entrants in a Glamorous Granny competition at Beddins.

Even Ministers were obviously keyed up. Behind stage, they combed their hair nervously and talked naively among themselves.

Not all of them looked comfortable with the Showboat atmosphere. John Biffen, who led the team of Ministers on to the stage, looked as if he wanted to walk straight off the other side. But others clearly enjoyed entering the spirit of the occasion. By the time the organ went into "Hello Maggie" the representatives were wound up to a pitch of anticipation.

But if they thought they might have been allowed to hark in the glory of their victory for even one brief moment, they were mistaken. Mrs. Thatcher was at her

most Prime Ministerial, wry above the knock about stuff of party politics. After one of those rare smiles of total satisfaction, she wasted the minimum of time reviewing the election result and went straight into the hard stuff with an economic lecture.

The theme must have been all too familiar to those in her Cabinet who are reported to have resisted specific spending cuts. Yesterday, however, they presented an irreproachably united front, applauding gleefully when Mrs. Thatcher looked severe and optimistic when she held out her vision of a Tory future.

As for the audience, the tougher the message, the more they seemed to like it. In view of the sombre message, the slogan "Full steam ahead with Maggie" seemed a touch too frivolous.

It was just about possible to imagine Mrs. Thatcher responding to the name "Maggie" when she was cuddling calves during the election campaign. It is almost impossible to conceive of anyone calling her that now she is Prime Minister.

Even so, the audience exploded into a roar of ecstasy at the end.

It was not until Sir Keith Joseph firmly sat down in his chair that the audience allowed her to leave.

She did not, however, go further than the next room where all those who had failed to get into the conference hall gave her a repeat ovation.

Attack on 'crazy' European surpluses

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE COMMON Agricultural Policy and Britain's large contribution to the Community Budget came under attack yesterday from Mr. James Scott-Hopkins, leader of the European Democratic Group (Conservatives) in the European Parliament.

The case for the reform of the CAP was beginning to be heard loud and strong, he said.

"It is absolutely crazy to waste energy and millions of pounds in storing surplus food while millions starve elsewhere."

A dangerous side effect of the emphasis on agricultural spending in the Community was that national contributions to the Budget were now completely

out of balance.

"Our contribution to the Budget is completely out of step. Something has to be done. It is going to grow and grow unless something is done quickly."

But, he emphasised, unlike the Labour Party, the Conservatives "believe that Britain's influence is being exercised through co-operation with our partners in Europe."

Mr. Scott-Hopkins also stressed the important role of the Community in underpinning NATO to stand up to the Soviet threat.

M. Michel Poniatowski, President of the French Republican Party and President Giscard d'Estaing's personal representative, also spoke.

He warned of the dangers ahead as the result of the radical change in the political, economic and military balance of world power. The American economy was no longer a dominant factor in stabilising the world economy. The global political balance born of the last war was now broken and the military balance would be broken soon.

The industrialisation of the Third World countries would continue irresistibly. Japanese competition would continue to sharpen and would be reinforced by that of the "little Jspans"—Korea, Singapore, Hong Kong and Taiwan.

The conjunction of the immense Chinese resources in energy and raw materials with Japanese productivity and finance would mean an economic upheaval by the end of the century.

A world monetary crisis seemed inevitable because no one national currency was able to support simultaneously all the financial settlements throughout the world.

What was needed was a coherent European approach to all these major questions. Europe must also find a natural industrial, commercial and financial complement in the Arab countries with their energy resources and the African countries with their raw materials.

Summit 'must settle burden of EEC Budget'

BY IVOR OWEN

FIRM DECISIONS must be taken at next month's EEC summit in Dublin on a basis for reducing Britain's contribution to the Community budget, Sir Ian Gilmore, the Lord Privy Seal and Chief Foreign Affairs spokesman in the Commons, insisted yesterday.

He told conference that the Government's expectation of progress towards relieving the unfair and disproportionate burden now borne by British taxpayers was based on assurances obtained by the Prime Minister at the last EEC summit at Strasbourg in July.

Mrs. Thatcher had won agreement then that decisions would be taken at the Dublin summit. Sir Ian said he was sure that in

JANNEAU ARMAGNAC IS AN ORDINARY FRENCH BRANDY AS THE GUILLOTINE IS AN ORDINARY FRENCH PAIN KILLER

Janneau Grand Armagnac Ordinaire it is not

CHANNEL ISLANDS AND INTERNATIONAL INVESTMENT TRUST LIMITED

10th October, 1979 Jersey

Half-Yearly Statement

The unaudited accounts of the Company as at 30th June, 1979 show the following results:

	1979	1978
Gross Revenue of the Company	146,113	109,011
Less: Management and other expenses absorbed	19,960	16,479
	126,153	92,532
Dealing profit of subsidiary company	61,271	3,726
	187,424	96,258
Less: Provision for Jersey taxation	37,485	19,252
Net Revenue, after tax, for the period	£149,939	£77,006

The consolidated net assets of the Company attributable to the capital shareholders, including investments at market value on 30th June, 1979, amounted to £5,242,700 (1978 — £3,975,383), equivalent to 262.135p (1978 — 198.769p) adjusted from the capitalisation issue per £1 capital share.

On 22nd May, 1979, shareholders at the Annual General Meeting unanimously approved the capitalisation of £1,500,000 of the Company's capital reserve and the issue of 1,500,000 fully paid capital shares of £1 each to persons registered as holders of capital shares at the close of business on 27th April 1979, in the proportion of three new capital shares for every capital share then held.

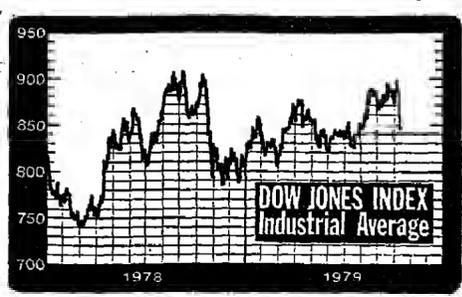
Market values of foreign currency securities include the full investment currency premium on those stocks which are premium currency.

Save & Prosper (Jersey) Limited, Secretaries.



The Federal Reserve took action last Saturday to control inflation in the U.S. Here, Financial Times writers look at the repercussions here and round the world.

Ripples from the Wall Street storm



SHOCK WAVES from the Federal Reserve Board's credit package last week-end were still reverberating through Wall Street yesterday. Brokerage houses will be putting in extra time today clearing up the huge backlog of paperwork.

So, in spite of the big price losses and high turnover, it was not a rout. And it was certainly not even remotely comparable to 1929. To match "Black Tuesday's" 30.47 drop in the Dow today's higher valued market would have to fall over 100 points in one day.

steers along the new path it has set for itself. In the space of only one week, key Treasury and corporate issues lost as many as five whole points. Spreads between high and low grade quality issues also widened as the less creditworthy were squeezed downmarket.

be sold on Tuesday, has become a little oppressive. It will be quite a test for the market's stamina. It is not hard to argue that the sharp rise in U.S. interest rates has dampened the appetite of the U.S. investor for this yieldless investment.

U.S. equities

For the stock markets, the package could only mean one thing: higher interest rates all round, therefore a bigger recession and lower corporate profits for the investor. It also meant less buying on margin—or borrowed money.

Money markets

The credit package was aimed principally at the money markets which have remained highly liquid despite the inexorable rise in interest rates this year.

The Fed's measures

1. A one per cent increase in the discount rate from 11 per cent to 12 per cent. 2. Establishment of an eight per cent marginal reserve requirement on increases in "managed liabilities" — liabilities that have been actively used to finance rapid expansion in bank credit.

World stock markets

Ripples from the Wall Street splash spread around all the world's stock exchanges this week. Worst hit was the Paris Bourse, which on Wednesday took its sharpest knock of any single session since the oil crisis of 1973.

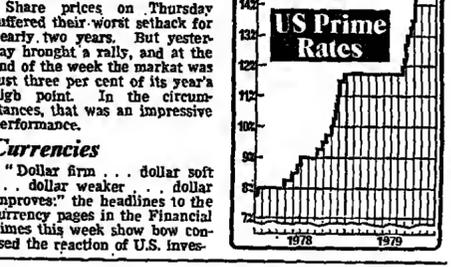
A complacent head sits on broad shoulders

IN LONDON, it was a tough week to be a chartist. On Monday, the FT 30-Share Index closed at 486.8—its highest point since just after the June Budget, and the All-Share Index appeared to have broken decisively up from its prolonged sideways trend.

The gilt-edged market had been gently declining from its recent peak since the beginning of the month as investors increasingly came round to the view that the long-awaited fall in interest rates was receding further into the future.

MARKET HIGHLIGHTS OF THE WEEK

Table with columns: Price, Change on Week, High, Low, 1979. Rows include Indust. Ord. Index, Govt. Sec. Index, Barr & WAT A, Broken Hill South, Campbell & Huberwood, Charter Cons., etc.



LONDON ONLOOKER

These days. Some time over the next year, the argument goes, interest rates are going to fall, and when that happens share prices are bound to rally.

Up till now the gilt-edged market has been able to accept higher U.S. rates without much alarm, as British monetary policy has been, at bottom, far more restrictive than anything put into practice by the Fed.

rather better. J. W. Spear managed to maintain first half profits to June while Berwick Timpo, just out of its tug-of-war games with former chief executive Mr. Torquill Norman, increased its interim profits by 12 per cent.

Your guide to investment success

Many investors are getting more and more confused by the bewildering range of unit trusts offered by an ever-increasing number of management companies.

Gartmore Fund Managers Ltd. advertisement including contact information and a list of services.

UNIT TRUST AND INSURANCE OFFERS advertisement listing various fund managers and insurance companies.

Today's best tax-saving deal for Company Directors advertisement.

Lloyd's Life advertisement for company directors, including contact details and a form.

Sandbach Building Society advertisement with a table of interest rates for different terms.

FINANCE AND THE FAMILY

Excluding the Rent Act

BY OUR LEGAL STAFF

It has been suggested to me that a flat with a regulated rent left to me by my mother could be put outside the Rent Acts if I let it to a tenant who was prepared to form himself into a limited company. Do you agree?

While the course which has been suggested to you can be adopted without any breach of the law, we think that it will be ineffectual, as the Courts might look behind the facade of the company if it is only a cloak for the occupation by its director: *Jones v Lipman* (1962) 1 WLR 832, and in any event the rent is regulated. A better course is to have a licence expressed to exclude the Rent Act modelled on that upheld as a licence by the Court of Appeal in *Somma v Hazelhurst* (1978) 1 WLR 1014.

Isle of Man residence

I am now retired and resident and domiciled in the Isle of Man. I propose buying a holiday home for myself and family in Cumbria and will visit it for 2/3 weeks each year. If I do this will I be liable for any UK income tax and if so to what extent?

Subject to the proposed revision of the IOM/UK double taxation arrangements, you would become assessable to UK income tax and capital gains tax as a person resident and ordinarily

resident in the UK (but domiciled in the Isle of Man, probably).

It would be wise to seek guidance on your potential UK tax position: the solicitor who will be acting for you in the purchase of the holiday home could doubtless help you on tax questions as well. On the bare facts given, we can only say that the worst position would be that your combined IOM and UK tax bill would amount to the same figure as you would pay in the UK if you were fully resident and domiciled here (and here only). With professional guidance and advance planning, the position can probably be substantially ameliorated.

Rating revaluation

An FT news item on June 23 announcing the cancellation of the rating revaluation, said that it meant "that those who have improved their houses in the last five years will not have to pay higher rates as a result." However, the reply in "Finance and the Family" on July 28, entitled "Central heating and rates," distinguished between central heating and improvements in general and suggested that the postponement of revaluation does not apply to improvements in general. As we extended our house by addition of two rooms last year, and have recently been

inspected by the local valuation officers, could you say whether we shall be liable to pay higher rates in the near future?

The announcement related to the Government's abandonment of the general revaluation which was due to take place, and which would have involved a reassessment of all properties. However, it is always open to the valuation officer to propose that any individual property be reassessed, and he would normally do so where material improvements have been carried out. But provision was made in Section 21 of the Local Government Act 1974 that a proposal to alter the list (re-rate the property) was not to be entertained if made before the next general revaluation and it was made on the sole ground that central heating had been installed. Hence a special position obtains, in the case of central heating only, until the next revaluation. It seems that your property can legitimately be re-valued.

Planning approval

What work is required to ensure that a start has been made on a planning approval for a private house on one site? Is there any time limit thereafter once such an official start has been made? There is a basic time limit of five years, which may be extended or reduced by the terms of the planning permission itself. Section 43 (2)

of the Town and Country Planning Act, 1971, specified five operations any of which will constitute beginning the development. They are: (a) any work of construction in the course of erection of a building; (b) digging a trench for foundations; (c) laying an underground main or pipe; (d) any operation in the course of laying out or constructing a road; (e) a change of use of the land which constitutes "material development."

Resignation of trustees

A settlor, domiciled and resident abroad, formed some 20 years ago a discretionary settlement with non-resident funds, in the UK, income to be distributed annually. All the beneficiaries are resident and domiciled in the UK. The trustees are professional trustees, and the Trust is considered by the Inland Revenue non-resident. The beneficiaries have suggested to the trustees that they resign in favour of a foreign residing trustee (the power to appoint exists). The professional trustees have expressed willingness to resign, but only in favour of two UK private trustees, because of the location of the investments and of the beneficiaries. What disadvantage could arise by replacing the professional trustees with two private trustees? Would there be anything to

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

prevent the two private trustees from resigning in due course and being replaced subsequently by the foreign trustee? Can the person with the power to appoint new trustees impose his views in this matter on the professional trustees?

1—There is no disadvantage other than that inherent in the mortality of individual trustees. 2—No; but the trustees might conceive it to be their duty not to do so, just as the corporate trustee has done. 3—No. If the power of appointing trustees does not include an express power to remove trustees the appointer can only act when the existing trustees choose to resign, and they may do so only upon the condition as to new trustees which they have indicated.

Covenant not binding

In 1978 I purchased a house, as to which the deeds contained a covenant by me with the vendor company concerning the trimming and felling of trees. The vendor company I am told has been liquidated and I cannot find any trace of it in the register. Does this mean I am free to do as I like with the trees? As the covenant appears to be a personal one with the vendor company you need not observe it if the company has ceased to exist. If the company is no longer on the Register of Companies you should not be bound to observe the covenant.

subsection 1 of section 32, tends to confirm our view, so does subsection 5 of section 128, bearing in mind section 150(1). The buyer's premium (where this is charged) does not form part of the consideration, either for the purposes of section 128 or for the purposes of section 25(7) of the Management Act.

The expression "recipient" in section 25(7) does not necessarily mean the seller, but surely means the person who receives the consideration; in a sale by auction, the immediate recipient of the consideration would presumably be the auctioneer, generally speaking. There is a parallel with section 13 of the Management Act which covers a person in receipt of any money belonging to another person, etc.

Covering yourself for those legal battles

INSURANCE JOHN PHILIP

FOR the ordinary citizen, for the small businessman the cost of getting legal advice, the cost of taking disputes to the court, often means that suitable redress is not obtained for wrongs that have been suffered.

There is no point in this country having one of the finest systems of law in the world if access to that system is almost beyond the financial reach of many people to be gained only at considerable personal impoverishment.

Of course the avowed purpose of this country's legal aid scheme is to ensure that those who need to go to the law have taxpayers' money provided if their own resources are insufficient.

But inflation has made and continues to make inroads into the financial criteria that are applied so that, daily, fewer and fewer people can claim the help of public money.

Ten days ago after three years' labour, and at a cost of roughly £1.25m, the report of the Royal Commission on Legal Services was published. The report is weighty—two substantial volumes, each of two parts—and expensive, at £23. But there is a 23 page summary available for £1 while the main recommendations have been detailed in national Press and professional periodicals.

Among the many problems the Royal Commission had to consider was the continuing reduction in the availability of legal aid, and not surprisingly the report makes a series of recommendations designed to bring many more people into the eligibility net, and to keep them there by regular revision of financial criteria. The implementation of the recommendations should make civil legal aid available to around 50 per cent of the population, the percentage envisaged 30 years ago when the scheme was introduced.

But curiously the Royal Commission has not attempted any costing of its proposals, and even more curiously has not considered what might be done should government—as seems likely—decide not to make taxpayers' money available: the Royal Commission ignores the economic and political realities of the cut back in public expenditure, even though its report went to the printers in the summer after the election and after the new Government's financial plans had been outlined.

The Royal Commission also virtually ignores the availability

of legal expenses insurance, the fact that most of us can, for around 60p per week, buy cover to meet a wide range of legal expenses.

So far as I can see there are only three short paragraphs on legal expenses insurance in the whole of the first volume of the report, where in rather grudging terms it is acknowledged that such insurance may be of some use to some people.

Perhaps the members of the Commission were unimpressed by the small volume of legal expenses insurance written in this country, and doubtful of the willingness of the British insurance market to meet demand should it be more enthusiastic.

But the Royal Commission took evidence from the insurers providing cover, and must have informed itself of the extent to which legal expenses insurance is provided in other Common Market countries.

Earlier this week, DAS Legal Expenses Insurance Company of Bristol (set up in 1978 jointly by Phoenix Assurance and the West German specialist legal expenses insurer, Deutscher Automobil Schutz), announced that its annual premium income has passed the £1m mark.

Small beer compared with its continental relations' income—but who can doubt that there is opportunity for tremendous expansion in the face of government stringency?

DAS provides both personal and commercial legal expenses cover, and so far has been much more successful in selling policies to the small to medium sized business man, principally because legal expenses insurance is one of the hardest of hard sells to the individual citizen.

But many of us have electrical appliances that go wrong, many of us have disputes with contractors, with suppliers of services, many of us have motor accidents, and we are often left with the feeling that we have lost out financially and obtained considerably less than our legal due.

DAS offers a two-part family policy covering the policyholder, and his or her family living at home—children up to the age of 21 and parents, though other relations may be included. There is a £10,000 limit per event, which even at present-day prices ought to be enough

to cover most personal legal disputes.

The two parts of the policy, one covering motoring occurrences, the other non-motoring (but not matrimonial disputes or divorce). Each cost £15 a year in premium, a total of £30 in all.

The motorist has the ability to pursue his uninsured loss claims—loss of hire, excess—as well as those for bodily injury. The householder can dispute with his landlord, claim against shop or manufacturer for the repair or replacement of defective goods and the employee can argue with his employer over his terms of service or even about his wrongful dismissal.

On the commercial front, DAS offers four policies covering legal expenses for disputes arising out of the use of motor vehicles and one multiple section non-motor policy providing the employer with protection against a whole range of business disputes, including claims for unfair and wrongful dismissal—here the financial limit is £25,000.

Premium for these policies depends on the size of the firm's operation and the cover bought and so on, but the non-motor premium for these policies depends on the size of the firm's operation, the cover bought and so on, but the non-motor commercial policy starts at £30 premium—and for an extra £15 can include cover for the payment of dismissal compensation.

Also on offer are policies for homeowners to deal with disputes over non-payment of rent, removal of tenants, even of squatters, and policies for employees and for motor vehicle drivers. The range of covers is ever increasing, and policies can be tailored to meet specific needs of the individual, group or firm.

At the moment apart from these DAS policies, legal expenses cover is provided only by two other insurers—brokers Strover and Co. sell a range of covers backed by Lloyds Underwriters, while Economic Insurance is now offering cover as an optional extra to holders of its traditional domestic and commercial contracts.

But there is no reason to suppose that other insurers will not start selling legal expenses cover if there is sufficient demand. Demand is of the essence: the question is whether legal expenses insurance is something the vast majority of us can continue to do without.

Single premium bonds

How is the Top Slicing Relief calculated when 2 single premium bonds, each in force for a different number of years, are surrendered in the same tax year? In round figures my taxable income, inclusive of £1,000 investment income, is £9,000. One Bond held for 7 complete years was surrendered at a gain of £8,300 and the other

held for 4 complete years at a gain of £1,600. How much tax is payable on the Bond gains?

On the assumption that (a) you are talking about 1978-79; (b) you were born after April 5, 1914; and (c) by "taxable income" you mean your total income after deducting personal reliefs; the tax due on the bond gains is about £1,420, as follows:

6,300 + 7 =	900	
1,600 + 4 =	400	
£7,900 +	£1,300 =	6,077
700 × 6.077 @ 12%		= 510.48
300 × 6.077 @ (12 + 10)%		= 401.06
250 × 6.077 @ (17 + 10)%		= 410.13
50 × 6.077 @ (17 + 15)%		= 97.28

There is a provision in the TMA 1970 that appears to me to be in keeping with a practice that looked at the proceeds of sale. It is section 25(7), and there you will see that the

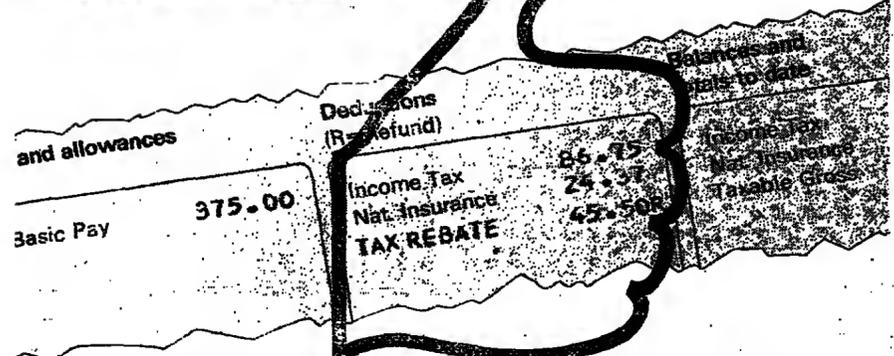
Picture for sale at auction

Under "Picture for sale at auction" (August 24) you comment that the £2,000 for the chattel exemption is to be ascertained before deduction of costs of sale, and I would agree, looking narrowly at the meaning of "consideration," that the words "amount or value of the consideration" in section 128 CGTA 1979 are more apt to the sale price than they are to the proceeds of sale. However, my information is that the Revenue admit of matters being dealt with on the basis that proceeds of sale is meant.

There is a provision in the TMA 1970 that appears to me to be in keeping with a practice that looked at the proceeds of sale. It is section 25(7), and there you will see that the

obligation of auctioneers, and others, to disclose relates to tangible movable property "disposed of for a consideration the amount or value of which, in the hands of the recipient, exceeds £2,000. That seems to mean the amount the auctioneer hands over, net of the deduction he makes for his services. Do you know of some authority in this matter? Although, as you say, tax inspectors have discretion to bend the law, it seems clear that the references to consideration in section 128 must have the same meaning as the word "consideration" in the opening lines of section 32(1). The fact that the incidental costs of making the disposal appear as the final class of deductions from that consideration, in paragraph c of

How to make a handy tax rebate handier



Handy to find a bit extra in your pay. Shame to send it back. What with increased VAT, Licence Fees and Excise Duty, a small celebration can quickly turn into a taxman's feast. Whereas if you turn your back on taxed temptation, you could put your money in an Abbey account. And start it growing, rather than going. We'll coddle it, make it grow. (You won't even have to pay basic rate tax on the interest. We'll take care of that.) We've got different schemes to suit different ambitions, including yours. And a branch near you to tell you all about them. Or if you prefer, just fill in the coupon, send us your cheque or postal order and we'll be happy to open an account for you. But come on in now. And get it growing.

To: Dept SA, Abbey National Building Society, FREEPOST, Baker Street, London NW1 6YH.

Please open a share account for me at my local branch.

I enclose cheque/postal order No. _____ made payable to Abbey National, to the value of _____ (Min. £1).

Please send me further details of your other investment schemes

Name _____

Address _____

FT/72

Get it growing with ABBEY NATIONAL

Get the Abbey Habit

FRAMLINGTON

AMERICAN Turnaround FUND

A new unit trust investing for capital growth in US turnaround situations selected by Framlington

On Wall Street, brokers talk of a turnaround situation to describe positive action taken by a company to reverse a declining trend. Examples could be new management, new products, the shedding of unsuccessful subsidiaries, a new marketing approach.

A turnaround situation creates an investment opportunity by enabling one to buy into a revitalised situation before the improvement is reflected in a higher share price.

The Framlington American Turnaround Fund will invest in selected situations of this kind with the aim of achieving above-average capital growth.

In our opinion there are good reasons for choosing America at this time:

1. Because of the number and variety of the companies in which one can invest; because Americans are good at undertaking surgery in bad situations; because in free market conditions a turnaround can take place more quickly.
2. By international standards, shares in America are still cheap. There are substantial institutional funds waiting to be invested as soon as the end of the recession is in sight.
3. The present steady-dollar exchange rate makes investment in US shares cheaper than in previous years. The Turnaround Fund will invest through the premium or through loans, as appropriate; initial investment will be mainly through the premium so that investors will benefit from any improvement in the dollar or the premium.

Intending investors will wish to know how previous trusts introduced by Framlington have fared. There have been four:

1. Capital Trust was launched in January 1969. The offer price of units has risen 246% compared with a rise of only 44% in the FT-Actuaries All-Share Index.
2. Income Trust was launched in December 1971. Units are up 155% compared with 35% for the All-Share Index.
3. International Growth Fund was launched in October 1976. Units are up 182%; the All-Share has risen 121%.
4. American and General Fund was launched in April 1978. While the price of units has risen a modest 12%, the Dow-Jones Industrial Average has risen only 5% and, adjusted for currency and premium changes, has actually fallen 31%.

Although the managers cannot guarantee that the new Fund will match the performance of previous introductions, they believe that investors will do well.

Investors are reminded that the price of units and the income from them can go down as well as up. An investment in a unit trust should be regarded as long term.

For this first public offer, units in Framlington American Turnaround Fund are priced at 50p each until 3 pm on Wednesday 24 October 1979. The minimum investment is 500 units, which cost £250.

The estimated gross starting yield is 2.0% per annum. Investors should complete the coupon and post it with a cheque to arrive not later than 3 pm on 24 October. Applications received after that time will be accepted, but units will be allocated at the price then ruling.

General Information: Net income, after deduction of basic rate tax, will be distributed to unitholders on 15th August with first distribution 15th August, 1980. Applications will be acknowledged and certificates will be sent within 42 days of the close of the offer. The offer price includes an initial charge of 3%. There is an annual charge of 3% + VAT. Units can be bought and sold every Monday unless this is a public holiday. Prices and yields are featured in most leading newspapers. The trust is an authorised unit trust constituted by a Trust Deed dated 9th October, 1978. Commission of 1% is paid to recognised agents. The trust ranks as a wide range investment. Trustee Investment Act, 1961. The Trustee is Lloyds Bank Limited. The Managers are Framlington Unit Management Limited, 64 London Wall, London EC2M 3JG (Reg. in London 895241) Member of The Unit Trust Association. This offer is not available to residents of the Republic of Ireland.

FIRST PUBLIC OFFER OF UNITS IN THE FRAMLINGTON AMERICAN TURNAROUND FUND. OFFER CLOSURES 24th OCTOBER.

To: Framlington Unit Management Limited, 64 London Wall, London EC2M 3JG (telephone 01-628 5181)

I wish to invest the sum of £ _____ (minimum £250) in Framlington American Turnaround Fund and enclose a cheque payable to Framlington Unit Management Limited.

I declare that I am over 18 and not resident outside the United Kingdom, the Channel Islands, the Isle of Man or of any person's resident outside those territories. If you are unable to make this declaration you should apply through a bank or stockbroker.

State Mr, Mrs, Miss, Mr or Titles and Forenames. Joint applicants should all sign this form and give other details on a separate sheet.

Full Name(s) _____

Address(es) _____

Signature(s) _____

FT

AMERICAN Turnaround FUND

مكتبات الصحف

YOUR SAVINGS AND INVESTMENTS 1

Barry Riley questions a growing investment trend

Switching hitch

LET ME tell you how I have made a lot of money. Last year I decided to come out of UK equities after the good 1977 performance and switched into French shares just before the election.

recent years unit trusts have relied heavily for their sales effort on specialised trusts—in commodities, U.S. shares, Far Eastern markets and the like.

by the trust group itself—as well as the manager's scheme called PIMS Unit Trust Discretionary Services. Or it may be operated by independent advisers or brokers, as with the Unit Trust Selection Service just launched by brokers Capel-Cure Myers.

Volatility v Analysis

MINING PAUL CHESTBRIGHT

THERE USED to be a time when gold analysts could settle down with their charts, look at potential supply and demand figures, refer to a range of international economic forecasts and then predict with at least a modest hope of accuracy a course for the market.

South Africa, the average price received during that period was \$310 an ounce, which compares with \$290 in the June quarter and \$240 in the March quarter.

shares have been suspended, at its own request, along with those of Minoro and Zambia Copper Investments, two other Anglo American Corporation of South Africa. Its shares have been suspended, at its own request, along with those of Minoro and Zambia Copper Investments, two other Anglo affiliates.

Years ago there was a minor vogue for investment trusts and unit trusts which held only shares in other investment trusts. The theory was that there was a double layer of investment expertise which would lead to an extra performance.

The theory did not work because the superior performance, if there was any, could not offset the extra costs that were certainly there.

In recent years fund managers have become much more modest about the level of performance they can achieve. The number which have consistently beaten an index like the F.T. Actuaries All-Share by a significant margin is comparatively few.

Thoughts from the top on those tax rebates

HOW ARE we going to spend our tax rebates? On more beer, on a house extension or on units in a unit trust?

Given that the better paid are about to receive proportionately much larger sums than the lower paid, it seemed appropriate to ask some top figures in the City and industry to tell us what they plan to do with the money.

It would have been even more welcome if it had arrived at a time when my financial demands were at their greatest. Nevertheless, Sir Maurice plans to use his bonus to pay others to do jobs around his home.



Mr. Robin Leigh-Pemberton

proceeds on my house and garden. Then I hope that my life style will revert to its equitable level of the recent past.

TIM DICKSON

New passport to private medicine

IF YOU turn up for treatment at a private hospital, or at a National Health Service hospital which still has pay-beds, do not be surprised if you are asked for a deposit before you are admitted.

either on an individual basis or more likely with their company. There is enough worry at the time of the operation without having to look for a bank loan to bridge the time between paying the hospital and having the claim settled by a provident association.

Quite straightforward and, you would think, just like any credit card system operated by a High Street store, PPP, however, emphasises that it is not a credit card plan, even if the card itself is identical to most other plastic cards.

acred with 80 private hospitals, including the Nuffield Nursing Homes Trust, covering over 75 per cent of the beds in the private sector, together with 40 NHS hospitals. It has been warmly welcomed by the hospitals which do not want to make things more difficult for patients by worrying them about payment.

INVEST IN AGRICULTURE WITH THE CITY OF WESTMINSTER FARMLAND FUND.

Advertisement for City of Westminster Assurance Farmland Fund, including a bar chart showing growth of farmland fund at October 1979 with values +7% over 1 year, +29% over 2 years, and +82% over 3 years.

Form for City of Westminster Assurance, including fields for Name, Address, and checkboxes for investment options like Single Premium Investment, Regular Savings, and Share Exchange.

No tax problems. No investment fluctuations. No medical. No high management charges. And nothing quite like it.

Scottish Provident introduce The Hallmark Investment; the complete answer for those looking for an investment to which they can commit a substantial sum with the expectation of really attractive investment yield and with complete peace of mind.

YES

To: General Manager, Scottish Provident Institution, Edinburgh EH2 0DH. Name Address

Advertisement for Scottish Provident and The Hallmark Investment, including logos for S.P.I., 1837, and other institutional symbols.

YOUR SAVINGS AND INVESTMENTS 2

Bank on a brand new Rolls

BY DAVID LASCELLES

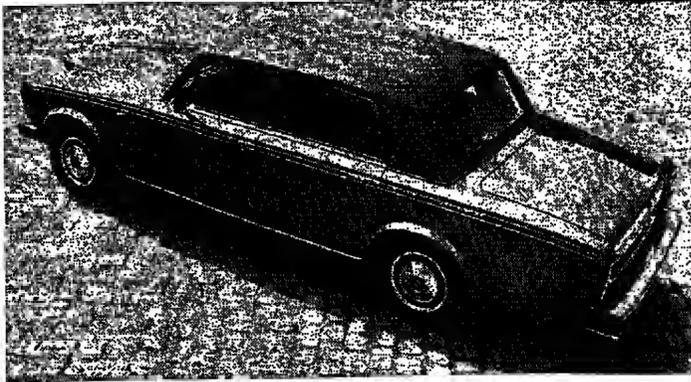
AMERICAN banks are not shy when it comes to wooing new depositors. The latest bright idea comes from the East New York Savings Bank which is offering new customers a Rolls-Royce Silver Shadow II if they deposit their money with them.

But there are so many catches that no New Yorker has yet actually handed over his money, though the bank says 30 people have expressed "serious interest." Here is how it is supposed to work.

A depositor must place \$160,000 in a savings account and pledge to leave it there for eight years. Normally, that account would pay 8 per cent interest a year. But in this case he foregoes all the interest and is given a Rolls-Royce instead.

It all boils down to whether a Rolls-Royce now is better than 8 per cent over eight years. To answer that question you need a pocket calculator and some pretty firm ideas about where interest rates and inflation are going between now and 1987. But the basic facts are as follows:

If the depositor left the



The Rolls-Royce: a good return for the \$160,000 investor?

money in a regular 8 per cent account, it would earn \$12,800 a year, or a total of \$102,400 in eight years. Compounded, the money would earn even more: just over \$136,000.

But the cost of the Rolls-Royce is \$76,385.11. So on the face of it, the depositor is getting a pretty raw deal, losing at least \$25,000, the difference between the value of the Rolls and the cash interest he would have earned.

The value of the Rolls represents a six rather than 8 per cent return on the money. On top of that, he will have locked his money away for a long time and, under the terms of his deposit agreement, can get it out early only if he pays the bank back for the Rolls and stumps up a penalty charge.

However, there are some pluses too. One is that if the depositor went the regular course and drew eight per cent over eight years, his return would decline in real terms because of inflation.

By taking the Rolls instead, he enjoys the immediate benefit of his money.

Another plus is the chance to get a Rolls for what the bank claims is a wholesale rather than a retail price. (Rolls-Royce confirms this: the Retail price is over \$90,000.)

Nor should one forget that a Rolls-Royce can itself be an investment. A Rolls-Royce is one of the few cars that actually appreciates in value, and a recent survey showed that it appreciates more quickly than any other car in the U.S.

But, alas, that is not the whole story. Because the Rolls is taken in lieu of interest, and because interest earnings are taxable, the Internal Revenue Service says it will tax the Rolls as income. What is more, it will tax all at once rather than at one eighth of its value annually over the term of the deposit.

So the depositor will find himself in a mighty high tax bracket the year he takes the Rolls, and will probably end up paying much more tax than if he took annual interest payments.

The East New York Savings Bank concedes that this is a serious stumbling block. But its lawyers are working on it, it says, and they hope to get the ruling changed soon.

Stockbrokers' Hot Six

BY RAY MAUGHAN

VERY FEW people, having completed formal education, are ever subject to a public assessment of the merits of their work. Anybody remotely interested in advertising would know when an agency loses or wins an account and newspaper circulations are watched scrupulously by those paid to monitor them.

Oscars and Emmies are awarded to thestars who stand up and entertain us but rarely are individuals so carefully inspected, assessed and tabulated every year as stockbrokers' analysts.

Given the American love of statistics and league tables it is appropriate that the annual "Ranking of UK Investment Analysts" is carried out by the London office of a large U.S. bank, Continental Illinois.

Superficially, the idea of the survey is to discover which stockbroking firm gives the best overall investment advice to its clients. But analysts are sufficiently human to be more concerned with the rankings of individuals in each investment sector.

Perhaps all this should be taken with a pinch of salt. Certainly there are sufficient large and successful brokerage houses which rarely ever feature in these surveys to suggest that dealing acumen, contacts and placing power are salient features of broking prestige. But it is always nice to receive a pat on the back, particularly from a customer. Conversely,

the importance attached to the bank's findings is sometimes illustrated by the guarded mutterings of disappointment among those who fail to appear.

Continental Illinois asked 226 investment managers to rank their choice of investment analyst by sector of the market. The bank does not reveal how many responses it received but, after six consecutive years, it seems reasonable to suppose that it achieved a representative sample.

The fund management groups, pension funds, life assurance companies and merchant banks were required to say which analyst was most useful in every segment of the market.

The survey shows how many people research a sector and then lists, on a descending scale, the top three analysts in each category, be it bank, oils, electricals, construction or whatever.

The frequency with which a firm's analysts appear in this vital top three ranking determines its overall placing. Hoare, Govett topped the table this year swapping places with James Capel which came second. Others in the first six were Kemp-Gee in third place and then Wood Mackenzie, Phillips and Drew and W. Greenwell.

None of these firms has ever appeared outside the top six over the past four years and it does seem that specialist, highly regarded research has been monopolised by a band of firms. Not that they conform to a recognised pattern. Hoare and

Capel, for example, usually described as general brokers in that it researches over 90 per cent of the stock market by capitalisation. Kemp-Gee, by contrast, probably limits itself to less than two-thirds of the market's capitalisation.

It is generally claimed that the quality of analysis rises every year but it is also accepted that the stock market is over-analysed. It is true that institutional fund managers read and absorb only a fraction of the research documents sent to them each day and it is by no means clear that expertise in one area is always rewarded with an accompanying buy or sell order.

A firm may research a company with loving care, but it has no certainty that it will receive an order if the company wishes to place a large line of stock. What does seem to happen is that compensating orders are sometimes given to reward good work but often in entirely different sectors.

In true analytical tradition, Continental Illinois has decided to expand the scope of its research this year and presented the league table on a weighted basis. Rather than just awarding a mark for appearing in the top three sector placings—the system which placed Hoare, Govett first—the bank decided to attach relative weightings to first, second and third placing and gave three points for a first place, two for a second and one for a third.

The weighted ranking places Kemp-Gee first, James Capel

second and then, in descending order, Wood Mackenzie, Hoare, Govett, Phillips and Drew and De Zoete & Beran. Much the same faces but in a different order.

What the survey cannot discuss is the relationship between an analyst, his salesman and his client. Salesmen, traditionally regarded as mouthpieces for the backroom boys, are obviously essential to stimulate client interest.

They fall into two broad categories, those who specialise by client and his particular needs, and those who specialise by sector and thus speak with more authority about the stocks in that sector.

The broking fraternity appears divided as to the more efficient category but two strands are becoming more important. In many cases the fund manager wants to talk directly to the analyst responsible for a piece of research while several of the more successful firms in this survey insist that salesmen have good research experience.

Two other points emerge from this table. Broking is still male dominated. Women appear only three times in the survey, twice in the toys and games sector. Secondly, the Government has broken down many of the barriers to direct overseas investment. Continental's rankings suggest that few dominant research personalities in London have emerged to exploit these opportunities.

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NOVEMBER 9 1979

The Financial Times proposes to publish a Survey on American Travel and Tourism which will coincide with the staging of the Association of British Travel Agents convention in Los Angeles, California, U.S.A. The provisional editorial synopsis is set out below.

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FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

The war that never ends

We British are a peaceful people. When a war is over we like to consign it to the history books — and forget it.
 But for some the wars live on. The disabled from both World Wars and from lesser campaigns, now all too easily forgotten; the widows, the orphans and the children — for them their war lives on, every day and all day.
 In many cases, of course, there is help from a pension. But there is a limit to what any Government Department can do.
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YOUR SAVINGS AND INVESTMENTS 3

How to avoid slip-ups on the slopes

AFTER A hectic day on the slopes a skier has time to settle back in the bar and reflect on how many times he nearly broke every bone in his body during the previous few hours enjoyment.

But, if he has been sensible enough to buy adequate insurance cover he can take comfort from the warming glow of a Vini Caldi in the knowledge that if he is unlucky enough to break a leg it will not hurt his wallet as well.

Winter holiday insurance cover is far from a specialist market. Most companies have schemes on their books and any worthwhile broker can put forward a choice.

However, for those going on a package skiing holiday the tour operator will normally have a basic insurance package incorporated into the price of the holiday.

A typical example of a package holiday cover can be given by Thomson, which insures

through Norwich Union. Within the cost of the holiday the skier is covered against cancellation or curtailment up to the total holiday cost.

Medical cover is £2,000 per person, baggage and personal effects £300 (or £100 on any single item), personal accident £3,000 and personal liability £100,000.

There is also cover of £100 for public transport falling to

SKI-ING TERRY GARRETT

get the holidaymaker to the airport on time.

The overall package looks adequate for most European holidays, though it does not cost much to increase the cover through Thomson. An extra £4.30 for one week or £4.85 for two weeks lifts medical cover to £5,000, baggage to £500, and there is the introduction of a



Perfect landing—but it isn't always like that

temporary disability cover of £5 a week for 100 weeks, loss of cash up to £100 and damage to ski equipment of £150 if it belongs to the holidaymaker or £60 if hired. Personal liability insurance is increased to £250,000.

Not everyone wants to go on a package holiday, and premium rates quoted for the individual cannot compete with those arranged by the tour giants.

The options are wide but two of the big insurance brokers, J. H. Minet and Towry Law both recommend the Lloyd's SkiSure Winter Sports Insurance as one of the better schemes available, if not the cheapest. The policy comes in two parts—personal accident and a more comprehensive unit insurance.

The first part covers death or disablement of various forms up to the sum insured and also includes a clause for temporary total disablement. This is limited to £10 per week for every £1,000 insured. For a two-week holiday this cover costs just £2.50 for every £1,000 cover with a maximum insurance of £100,000.

What is particularly attractive about this policy is the temporary disablement clause which acts as a must for the self-employed, and is not available on many policies.

The unit insurance policy costs £20 for two weeks or the cover can be doubled up at a cost of £30. The single unit cover offers personal accident cover of £2,000, cancellation and curtailment cover up to £250, medical expenses of £2,500, baggage and equipment up to £300, money and travellers' cheques up to £200 and personal liability of £250,000 (whether one of two units are bought).

There are reciprocal agreements in the EEC which entitle the holidaymaker to the same conditions as the local resident.

So medical cover of £2,000 is enough for most parts of Europe. If a more extensive trip is considered, brokers will be talking in terms of medical cover in the region of £4,000.

But if you are going skiing in the U.S. medical bills can be really frightening. Opinions vary from "£5,000 as a real rock bottom" to "as much as you can afford."

Individual quotes are often needed to increase medical insurance above the standard schemes. The final premium may look a bit daunting, but if you really find that icy patch which puts you on your back, it can be money well spent.

Riding on the recoveries

"RECOVERY" funds in recent times have been virtually synonymous with M and G—first of all through its UK Invested unit trust of that name and latterly through the new U.S. cousin M and G American Recovery.

This week Framlington Unit Management is no doubt hoping to break into this field with the launch of its American Turnaround Fund. "Turnaround" for those not familiar with the concept, is clearly Wall Street's answer to an Anglo Saxon "Recovery." A few words from the marketing bumph, however, may explain.

"A turnaround situation creates an investment opportunity by enabling one to buy into a revitalised situation

UNIT TRUSTS TIM DICKSON

before the improvement is reflected in a higher share price." Sounds easy, doesn't it?

"On Wall Street," the literature goes on, "brokers talk of a turnaround situation to describe positive action taken by a company to reverse a declining trend. Examples could be new management, new products, the shedding of unsuccessful subsidiaries, a new marketing approach."

Bill Stuttford, chairman of Framlington Unit Management an investment manager of the new fund maintains that the new fund will not go for "conventional" recovery situations but will concentrate on companies which have already turned round. Unperturbed by the dive in the Dow Jones Index in the last few days he says, "If we can start when the market is falling this is a sign to me that there will be plenty of bargains to be had."

Mr. Stuttford adds, "It seems to us that Americans are good at turning things around. Moreover, the American investing public do not seem to react as quickly as UK investors to this type of opportunity."

For this reason the fund, which is designed to provide capital growth is likely to hold individual shares for some time. "We do not expect to turn over more than 20 per cent of the portfolio a year."

Framlington already has an American and General Fund, launched last year mainly to invest in the smaller growth companies. The unit price has only risen 12 per cent and the dollar's weakness and the fall in the dollar premium have been big handicaps.

As Mr. Stuttford ruefully remarks: "Getting the currency right is the most important thing these days." If the dollar premium is below 10 per cent the Turnaround Fund will invest via the premium. If the premium is above 15 per cent the loan route will be adopted.

Long faces in Lime Street

THE 8,565 men and women who were members of Lloyd's in 1976 were no doubt interested this week by Lloyd's revelation of its annual market returns for that year, which showed overall profits down from £135.2m to £122.8m.

For those who have joined this most club-like of insurance markets since then, however, the significance of the gloomy remarks which were made by underwriters representing many parts of the market may well have been lost. New recruits in the last three years have



Mr. Ian Findlay

INSURANCE JOHN MOORE

swelled Lloyd's to its present membership of 17,278, more than double the numbers who participated in the 1976 account.

The number of members who will participate in the 1977 account will be 10,730, an increase of over a quarter on the previous year. They will have the nightmare of paying for the sensational computer leasing losses, which are estimated to be £235m and which will fall in that accounting year.

Lloyd's leaves its accounts open for three years to catch most of the claims that arise on the business insured each year. This is why the figures for 1976 are the latest available. Currently, Lloyd's premium income is estimated to be £2bn compared with the £1.7bn in 1976, and overall profits are turning down, caused mainly by the setback in the non-marine market which specialises in general insurance business.

What is clear is that Lloyd's is hardly growing sufficiently to nourish the members who are providing committed capital to finance the market's operations. This may seem to be more serious than it is if you just look at new premiums; Lloyd's, however, derives a large amount of its profit from invested income. The non-marine market, for instance, provides nearly a half of Lloyd's total premium but its underwriting profit relative to the size of business which it produces has been very low.

In the 1976 underwriting year the market produced an underwriting loss of £1.5m compared with a profit of £3.7m but with the income from investments added in this was translated into an overall profit, admittedly

much reduced, of £14.2m. Depending on how Lloyd's invests the premiums a reasonable return can be made for the members even if the underlying quality of the underwriting is poor.

Mr. Ian Findlay, Lloyd's chairman, pointed out in his annual statement this week that investment income can be an uncertain crutch. "It may seem churlish to deny a profit from whatever source it is derived but underwriting must, in the interests of a healthy market be self supporting." He was referring to the non-marine market.

But in a climate where conditions are competitive and the available capacity is coming forward at a greater rate than insurance demand, the pressures to underwrite for cash flow and premium rather than profit are likely to be compelling.

In these conditions the 17,239 members of Lloyd's are likely to see the quality of their underwriting done on their behalf deteriorate even further.

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Trust Schroder Wagg advertisement with large stylized logo and text describing investment services.

Trust Schroder Wagg advertisement detailing various investment funds like Schroder Capital Fund, Income Fund, and Europe Fund.

Expanding flexibility

FLEXIBLE endowment policies are the traditional life company's answer to the unit-linked concept. What they provide is the option to cash in a traditional life insurance policy at any time from the tenth anniversary of the first premium.

They are therefore designed to combine the financial guarantees of a with-profits plan with the flexibility of the unit-linked concept. Basically, the plans are either whole life contracts, or more popularly endowments maturing at age 65, with guaranteed cash in value from the tenth year onwards.

The big drawback to these schemes, however, has been the cost of the flexibility. A youngish investor, for instance, cashing in his policy at some stage after 10 years could end up with as much as 10 per cent less than he would receive under

INVESTMENTS ERIC SHORT a traditional fixed ten year contract. Now two life companies, Friends Provident and Scottish Amicable, are trying to cut down on this penalty by varying the design of a flexible endowment.

These alternative plans take as their basic contract a 25-year endowment policy with guaranteed cash-in values from the 10th year onwards. This gives a higher cash-in value at 10 years, compared with the other plan, but a lower death cover before cash-in.

Under Friends' Provident Multidowment, an investor aged 30 paying £10 per month net could cash-in after 10 years and expect to receive £1,872 on a current bonus rate; on the old flexible endowment he could expect only £1,743. He is, however, still paying a considerable penalty, for on a fixed 10-year endowment he could expect £2,227.

With Scottish Amicable's Flexi 25, the same investor paying the same premium could expect £1,889 compared with £1,798 on the normal Flexi 65, and £2,080 on a fixed 10-year with-profits endowment. Although these innovations are an improvement on the old flexible endowments, they still come nowhere near to providing the complete flexibility of unit-linked schemes. Investors looking for the guarantees of a with-profit investment and requiring flexibility in cash-in should survey the whole market.

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Being close to the market they are well placed to make important decisions such as when to move from one investment to another, when it is right to buy, and perhaps even more important, when to sell. If you have £3,000 or more in cash, shares or existing unit trust holdings, we would be happy to discuss an overall investment plan with you. Call or write to Robin Boyle, Investment Manager, Unit Trust Selection Service and let him pin down securely the right investment plan for you.

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PROPERTY

Time sharing in the Scottish Highlands

BY JUNE FIELD

THERE was a fine Scotch mist over the loch, and it was drizzling. But after a sauna, breakfast of Arrbroath Smokies, Ayrshire bacon with drappit eggs, I didn't really care.

I could have gone golfing, fishing, sailing, shooting of wildfowl, or walking to nearby Schiehallion, the fairy mountain, but for the moment I was quite content to relax and watch the black-faced sheep swooped on my terrace across the road to the Isles.

I was staying in one of the superlative Loch Rannoch Highland Lodges, near Pitlochry, Perthshire, in 250 acres of forest, Britain's first multi-ownership project. The lodge, centrally-heated, double-glazed, air-conditioned and fully-furnished, sleeps eight and has in addition to your own private sauna, three bathrooms, three bedrooms, and a kitchen fitted with every conceivable labour-saving device, from a dishwasher to an ice-crusher. It cost over £32,000 to build.

A share in it for a week's holiday in perpetuity, costs from £2,500 to £5,000 according to the date you choose. Apartments under construction, being built to the same luxury stan-

dard, but obviously with less accommodation, cost £1,250 to £3,000 for a week, £1,000 for a studio. The maximum number of weeks you can buy is 12.

This is time-sharing, a resort facility pioneered some years ago in Europe and extensively developed in America. With the most basic schemes, you simply buy the amount of time that fulfils your need and finance, so that you become the owner for that allotted time. The rest of the year is shared by others, a logical idea, because very often a holiday home is only used for short periods anyway.

To ensure the lodge is in impeccable condition for each and every one of its numerous owners, you also pay an annual management charge, about £35-£55 a year at present and indexed to the cost of living.

This takes care of insurance, telephone rental, relayed music, baby-sitter, etc., all repairs, replacement of furniture and equipment, maintenance inside and out, and the cleaning of the lodge every week, which includes change of linen and towels, plus the provision of such necessities as toilet rolls and soap. Only food and drink which will be left in the

fridge/freezer for your arrival, is extra.

If you don't want to cook, then you can eat at the excellent Loch Rannoch Hotel next door. (For a special inspection offer, two for the price of one, and brochures on the project, contact Frank W. Chapman, Loch Rannoch Estate, 6 Half Moon Street, London W1 0J-629 2731.)

So far, about 1,500 weeks have been sold to more than 900 purchasers for around £3m. You can even pay by instalments, 25 per cent down, the rest over three or five years.

You can rent, lend or sell your time-share, and, most important for those who don't want to go to the same place each year, exchange with owners of other multi-ownership properties around the world, some attached to a hotel, others not.

There are various exchange organisations, including International, Resort Condominiums International, International Exchange Facilities.

So what are the smags of what is on the face of it a trouble-free inflation-proof investment—tomorrow's vacation at today's prices?

Ivor Cooper, partner in Druce and Co.'s hotel department, has recently had many discussions with British hotel owners on these schemes and variations on them:

"The basic economics of such schemes is quite good as the cost of a new or renovated room to incorporate all modern amenities would be between £5,000 and £12,000. To sell such rooms off at say an average conservative figure of £2,000 for a two-week period would show a very handsome return indeed on the initial investment."

"The apartment purchaser should realise his investment in eight/ten years at current prices."

His only reservation was the uncertainty of British weather which might cause problems when it came to exchanging.

At present the swapping of units in say Florida and the Caribbean with something in this country is an unknown quantity. So is re-sale value.

There are various other schemes I have yet to report on—the Osborne, Torquay, Leisure Share at the Clovelly Country Club, the Kiltonquhar Castle Estate, Fife and so on.

Prices for similar schemes outside Britain—principally in Europe and the Caribbean—vary considerably and the share is usually for a shorter time than in Britain. Then there is the cost of getting there, though it probably won't cost you very



Luxury lodges overlooking the loch at Loch Rannoch, near Pitlochry, Perthshire, in the Scottish Highlands, have been designed with solar heating panels on the sloping roof of the top windows. Details on buying a share in the holiday complex from £1,000

to £5,000 according to the time chosen, from Frank W. Chapman, Loch Rannoch Estate, 6 Half Moon Street, London, W1 0J-629 2731, who can also be contacted at the Homes Overseas Exhibition, Midland Hotel, Manchester, which opens on Tuesday until Thursday inclusive.

much more to travel to Spain on a cheap flight than to go on British Airways Shuttle from London to Scotland.

The standard of equipment and management can vary too. As in all overseas transactions it is important to deal with reputable, experienced agents and developers.

A popular project of a decade or so ago were "aparthotels", another form of interval ownership. Some were successfully completed, others never got off the drawing-board through lack of proper backing.

Kenneth Ward and Co., chartered surveyors, Knight Frank and Rutley House, London Road, Ascot, Berkshire, has pioneered the selling of overseas time-sharing projects, and can provide details of those in Majorca, Menorca, Ibiza, Majorca and Tunisia. Its list includes what is claimed as the first naturist time-sharing resort in France.

There will be plenty of information on traditional property purchases abroad as well as multi-ownership on the 35 stands at the Homes Overseas Exhibition, Midland Hotel, Manchester, on Tuesday and Wednesday, from noon to 9 pm, and noon to 7 pm on Thursday. If you can't get there, the October issue of Homes Overseas magazine contains the catalogue entries. For a copy

send 62p to Michael Furnell, Homefinders, 10 East Road, London, N.1.

Although, sensibly, the purchase of a holiday home ought to be financed with "fun money", there are several methods of raising extra funds. Negotiations for credit on resale overseas properties are under way with several finance houses by one exhibitor.

Write to Jack and Nicola Riley, directors, Chesham Property Overseas, 28a Cadogan Place, London S.W.1 (01-235 0881), who will send details plus a Spanish property portfolio of studios from £5,000 and two-bedroom apartments from £11,500 in the Alicante area to Bedford and beyond, as well as on the Costa del Sol, Almeria to Malaga. Or contact them at stands 16 and 17 at the exhibition.

A firm of brokers on stand 25 is promoting a "Capital Plan" which is essentially an overdraft from a merchant bank secured by a first or second mortgage on UK residential property.

Up to 100 per cent of the purchase price can be available with up to ten years to repay. Alternatively, funds can be raised by remortgaging the UK property on an endowment-linked basis. Brochure: M. J. McQuillan, Northampton and County Insurance Brokers, 10 St. Giles Street, Northampton.



If you want an easily accessible hideaway near Halifax, then Scaw Well, Soylands, Ripponden, is only five miles away from the town and the M24 motorway. The four-bedroom 17th century stone house in two acres of spectacular open countryside is on offer around £75,000. Details: Christopher Orme, Strutt & Parker, 13 Princes Square, Harrogate, N. Yorks (0423 61274).

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- Birmingham—Midland Hotel—12 noon till 8 pm October 19
- Brighton—Metropole Hotel—12 noon till 3 pm October 23
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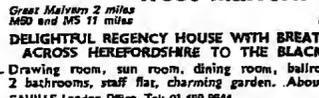
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FASHION/LEISURE

Winter chills for Charlie

BY ARTHUR SANDLES

THE FACT that the first snows of the winter have been swirling ball-beardedly around the mountains of the northern hemisphere this week has only deepened the gloom of my friend Charlie. The clothing racks which surround Charlie in his menswear store a couple of hundred yards from my flat are

still heavy with summer goods. For Charlie the past few months have seen the summer that never was. He, like thousands of his counterparts up and down the country, has had a miserable holiday selling period. The once-gleaming white jackets are now looking a bit grubby. "Got to get rid

of them," says Charlie, marking the price down yet again. "Can't keep white stuff till next year." Another problem for Charlie and his colleagues is that delivery delays, notably on goods coming through Heathrow, have severely restricted the supply of autumn and

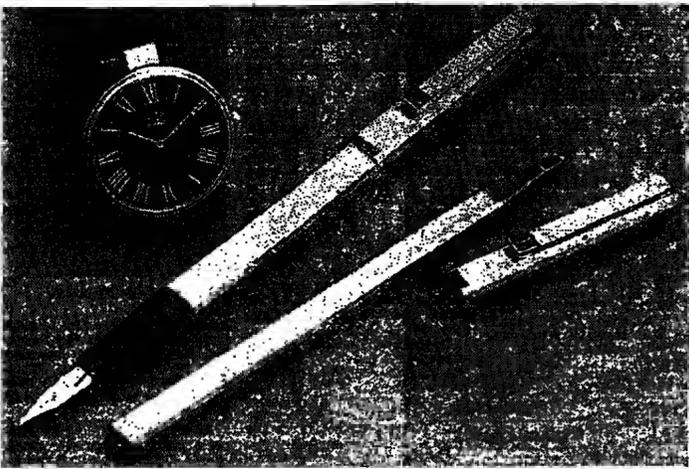
winter wear. The result is that while there is a sudden rash of autumnal sales, as shops try to clear their rails, there is also a lot of nall-biting over whether enough new stock will arrive for the demand which all hope will hurry soon.

All this means—and Charlie will hate me for this—the male buyer is probably well advised to wait a week or so before rushing out to buy something for the colder days and longer nights.

Once the new season's goods do arrive, then it will be seen that the boozey old cry, "style is coming back," is for once true. While some designers are still rushing off on their wilder fantasies—with a degree of consumer following in leisure wear—most customers are showing a determined preference for the classic. Deep cut double breasted suits are probably the best selling autumn line most stores have at the moment, one shop telling me that they are outselling single breasted by two to one.

And prices? Well, a reasonably well made, but still factory produced, suit will cost around £100-£180 in the prestige end of the High Street.

The styling of the suit on the right is typical of the elegant and restrained styles that are proving popular. It is double breasted for both town and country wear and is by H. Huntsman and Sons of London shown as part of the Federation of Merchant Tailors exhibit in Munich recently. Cloth is by George Harrison.



One of the pleasanter aspects of the changes in menswear recently is the death of dangling medallions, dummy bracelets and large rings as part of the male masochist. Underneath is a gold plated silver, available with a variety of lacquered dials; a fountain pen which costs £132 in silver (£156 if gold plated); and a silver ball point that sells for £81 (£104 if gold plated). Outlets from Alfred Dunhill, 30, Duke Street, London SW1Y 6DL.

The ones that got away

THIS HAS BEEN one of the most frustrating seasons that I can remember. Every time I went out, whether after trout or salmon, I was either too early or too late. In Scotland the salmon celebrated my leaving the river by surrounding in droves a few weeks later, and some quite exceptional runs were noted in the generally high rivers.

On the Test conditions did improve materially in September and there was a lot of fly. But by this time of the year the fish have lost interest in rising, and even where they are rising well to natural insects they refuse to be diddled by the artificial. This may have something to do with the clarity of the water, which will make even the finest cast

visible to the fish and also show up any imperfections of the fly itself. I have in the past seen a trout take a cigarette end or even a piece of twig, but this is usually in June, when these unlikely objects could be taken for a hatching Mayfly, or even in some cases a pellet of feed.

But a bad workman always blames his tools, and several of my blank days were my own fault and were due entirely to poor technique. I lost a number of fish which rested to my tightening the line and feeling the book, by turning and running towards me, thus splashing the line again and splintering the hook.

This is a particularly tricky move to counter, as a fish will move much faster through the

FISHING

JOHN CHERRINGTON

water than one can either reel in, pull in line or run backwards. After such an event I always console myself with the thought that I had gained a moral but bloodless victory.

It was suggested that I wasn't striking hard enough or quickly enough. But one can only act as fast as one's reactions allow. I am naturally slow in all my movements, and by the time I have seen the fish rise or take my fly, it is either hooked or it isn't. This happens

even when, as some anglers do, they perform a most violent strike, enough to dislodge a lightly hooked fly more than would a more gentle action.

The best fly fisherman I have ever watched in the flesh and on television is Frank Sawyer of the Avon. He always used to advise lifting the rod when the fish appeared to take. In a way it is an instinctive reaction and when you come to think of it, a six inch motion of the wrist, will when translated to the rod tip mean shortening the line by several feet.

As I said the Test improved to something like the wonderful river it used to be 10 or 15 years ago at the end of the season, and there now appears to be a reasonable weed cover once again. I am also hopeful that the abundant fly life seen this autumn will mean much bigger hatches in the years to come. The river is affected still



Package deals for collectors

THE MOST convenient way of collecting modern coins is to purchase them in the specially

cased sets which are now used by many mints and numismatic bureaux. Not only are these cases collectable as such but one can be sure that the coins will be preserved in pristine condition. The Royal Mint followed up its success in issuing cased sets of British coins in proof condition by publishing sets for some of the other countries for whom it acts. These sets are produced in a fairly limited edition, normally 20,000 sets per issue, and collectors who have subscribed to the "Coins of the World" series of proof coins from its inception will already have seen their collection grow dramatically.

Now the Royal Mint is making the acquisition of these modern coins more affordable by forming a Coins of the World Collectors List, membership of which gives the collector advance notification of forthcoming sets and priority in ordering. Applications for membership are obtainable from the Royal Mint Numismatic Bureau, PO Box 10, Lancaster, Lancashire, LA1 4YR. The latest batch of proof sets reflects the wide scope of the Mint's activities, literally spanning the globe.

Guernsey has now followed the example set by the Isle of Man as long ago as 1976 and has dropped the word "New" from the notation of value on the coinage reverses. The designs of the 1978 series are otherwise the same as those which have been employed since the advent of decimalisation. It is disappointing that the opportunity has not been taken to change the rather pedestrian numeral design of the half-penny and bring it into line with the pictorial character of the other coins. These provide a varied glimpse of life in the bailiwick and feature a gamecock (1p), the olive wreath on Sark (2p), the Guernsey lily (5p), Guernsey cow (10p) and the dual cap of maintenance-embellish of William the Conqueror (50p). Guernsey is unusual in having its heraldic seal as the obverse motif instead of the Machin profile of the Queen. This set is available at £12.05 (the odd amount includes VAT).

The Royal Mint has been striking coins for Jordan since 1949. In accordance with strict Islamic tradition the coins up to 1965 were entirely non-figurative in design but since that time the portrait of King Hussein has appeared on the obverse. The quarter dinar, showing an olive tree encircled by dates, was issued in 1969 in honour of the FAO and subsequent editions of this coin have had a similar design, minus the FAO inscription. The 1979 series, in proof version, runs from the tiny 1 fil to the quarter dinar and the seven coins are available at £12.51.

Two African countries are among the latest to participate in the Coins of the World proof series. Ordinary versions of the decimal coinage for general circulation have been issued in Zambia since 1965 but this is the first time they have been released in proof form. The set of 6 coins from 1p to 50 ngwebe has a portrait of Dr. Kaunda on the obverse and Zambian fauna and flora on the reverse. This set, in an edition of 20,000, is on sale at £11.70. Swaziland has commissioned the Royal Mint to strike an edition of 10,000 sets of the 1979 coinage in proof with frosted relief. Though the designs are the same as the 1974 series, these proofs serve to celebrate the 30th birthday of King Sobhuza II and also the opening of the new Central Bank building in Mbabane. The 7 coins, from 1 cent to 1 lilangeni, are priced at £13.80.

COINS

JAMES MACKAY

Neighbouring Lesotho has had a number of silver and gold commemorative since 1966 but has been content until now to use South African coinage. A series of 7 coins, however, is now being produced at the Royal Mint for general circulation and ranges from the 1 cent (featuring a Basotho hat) in the last national arms with a common obverse portraying King Moshoeshoe II. No proofs are envisaged at this moment, and the ordinary version can be obtained from M. Coshaw, P.O. Box 115, Leicester LE3 8J, to whom inquiries should be addressed.

The Royal Mint has been striking coins for the sultanate of Brunei since 1967. The inaugural issue, portraying Sultan Omar, had a very short life, being superseded the following year by similar coins with the portrait of Sultan Hassanal Bolkiah. The 1979 set of 6 coins is now being released with frosted relief, priced at £12.85. Apart from the 50 sen (coat of arms) and dollar (cannon) the reverse motifs of this set are based on traditional textile patterns, resulting in a most unusual series.

The Gilbert Islands gained independence on July 12 and adopted the Polynesian name of Kiribati. A series of 7 circulating coins was struck at the Royal Mint and is also available from Coeshaw of Leicester. The common obverse depicts the Kiribati arms, while the reverse motifs feature frigate bird (1c), B'ball plant (2c), gecko (5c), breadfruit (10c), bottle-necked porpoises (20c), pandanus fruit (50c) and outrigger canoe (\$1). The denominations, alloys and sizes are identical to those adopted for the coinage of Tuvalu (formerly the Ellice Islands) which attained independence in 1976.

Your Weekend: E. Austria 27.50, Belgium 63.00, France 0.57, Italy 1.70, Greece 78.50, Spain 140.00, Switz. 3.47, U.S. 2.1550. Source: Thomas Cook.

Reasons for the Fastnet tragedy

BOATING

ROY HODSON

AS THE official inquiry into the Fastnet Race tragedy proceeds the bodies primarily concerned, the Royal Yachting Association and the Royal Ocean Racing Club, are seeking the truth to three central questions. Why were so many lives lost? Why were so many yachts abandoned? Why did some yachts sink?

Commander Bill Anderson of the RYA and Mr. Alan Green of the RORC are collecting information from all yacht owners in the race together with a cross-section of crew members. By the end of this month the two yachting organisations should be in a position to publish detailed findings.

While the inquiry continues the policy is to restrict published information to factual summaries from skippers and crews of yachts which were caught in the storm.

A first selection of those accounts appears in the new issue of the RORC club magazine Seahorse. They are from Griffin, the RORC club boat (sunk), Festina Tertia (one crew member lost and yacht abandoned), Ariadne (four crew members lost and yacht abandoned), Trophy (three crew members lost and yacht abandoned), Gunslinger (one crew member lost and yacht abandoned), Golden Apple of the Sun (abandoned), and Tenacious, the U.S. yacht which completed the course and won the race.

It is not possible to draw broad conclusions from that handful of stories. Commander Anderson and Mr. Green are sifting completed questionnaires from all 302 yachts that started in the race. Only when the long and difficult task is completed will it be possible to attempt serious answers to the questions raised by the disaster.

BOATING

ROY HODSON

In Britain the policy of the yachting Press so far has been to report as many facts as can be elicited from those involved but to reserve judgment until the official report has been studied.

The RORC Commodore Mr. Don Frazer supports that policy of restraint until all the facts are known. "Sailing is the second largest participation sport in the country and everyone who indulges in it knows that there are dangers. The lessons of the 1978 Fastnet will be studied calmly and in depth and any changes which are considered necessary in the regulations will be implemented. But we cannot exclude danger from offshore racing and it would be a sad day if it were to attempt to restrict people's desire to take part."

Without pre-empting the official inquiry it is possible to identify a number of facts. Sea and weather conditions were extreme in the worst-affected sea area approximately midway between Lands End and the Fastnet Rock. The Labrador Bank which shoals to 34 fathoms—half the depth of the surrounding sea—probably played a major part in creating the abnormally bad sea state. It is thought to have kicked up the 40-ft high vertical seas reported in the vicinity.

BOATING

ROY HODSON

smaller boats in Class V, Classes III and V each lost two yachts and Class IV lost one yacht. The losses were not restricted to any particular type of yacht design. The five boats that sunk varied quite widely in design. None of them, however, were trend-setters of ultra-light displacement or other doubtful characteristics.

Up to the moment the RORC cannot see any common thread, either in the way in which 15 racing yachtsmen in the event lost their lives. Some were swept overboard. Some were lost while taking to their liferafts. Some died while transferring to helicopters and rescue ships.

A barrage of criticism has been levelled at rudders incorporating the exotic material carbon fibre. In an earlier Admirals Cup race Mr. Edward Heath's Morning Cloud broke a carbon fibre rudder. During the Fastnet storm the Irish Admirals Cupper Golden Apple of the Sun broke hers and was finally abandoned by her crew. There were other carbon fibre rudder failures.

Gold Apple's designer Ron Holland—one of the leading racing yacht designers in the world today—was one of those winched up into a helicopter from the yacht. He has now commented, "The failure of the carbon fibre rudders relates to, I believe, a lack of understanding of the material and of its characteristics. . . . No rudder broke in exactly the same place which makes it difficult to analyse very accurately the problems involved. The direction now is to discourage the use of carbon fibre rudders until we have a more firm understanding of the implications of using this material."

The Aircraft Research Establishment at Cranfield is analysing carbon fibre rudder shafts from Fastnet boats. Use of the material is yet another contentious matter concerning that disastrous race that can only be resolved finally when the scientific evidence is collated and analysed.

Unsolved money problems

CRICKET

TREVOR BAILEY

WHEN THE ARMISTICE between the Australian Board of Control and World Series Cricket was signed last summer, and later ratified, with a few amendments by the international Cricket Conference, it was hoped that now the bitter conflict between Kerry Packer and the cricketing nations had ended, the problems would simply disappear. This was, of course, hopelessly optimistic as it is normally more difficult to win a really satisfactory peace than the most bloody of wars.

Because, apart from the score, the rebuilding required and the money wasted, there is also the change in the fortunes, both social and financial, of the two contestants. One certainty is that things will never be quite the same again. Unfortunately, this fact of life is only gradually dawned on the ICC as can be seen by what has happened recently.

In order to secure peace with WSC sold to rescue themselves from a near-bankrupt state, the Australian Board of Control, in conjunction with WSC, produced an entirely new type of cricket programme, and persuaded the Test and County Cricket Board and the West Indian Board of Control to take part this winter. This consists of a mixture of traditional cricket combined with a big increase of limited overs, which proved to be the most profitable feature of the winter, as well as providing the best television. This last point did not go unnoticed by Kerry Packer, who has his own commercial station.

CRICKET

TREVOR BAILEY

The West Indies are the best team in the world, while the Australians are thirsting for revenge against their oldest foe, who defeated their Packerless team so heavily last winter. However, the lack of time has meant that this complicated double tour, which involves much travelling—the internal air-fares in Australia are very expensive—has been hastily conceived and arranged. The outcome was the ridiculous situation of England and the West Indies playing over Wales and Ireland. If this is a reflection of the 1978 drought there is a hope that things will mend as rivers become restocked.

The main reason for their demand for a larger guarantee was because of their players, who are well aware of what those under contract to WSC for the last two winters had earned—and in some cases were jealous—wanted a bigger slice of the cake. If the Boards agreed then the amount of money available for the other first-class cricket had to be reduced. As it is, most of the first-class counties who employ all the England party are struggling to exist. They will now receive about £2,000 each from the coming visit, considerably less than they would have done from tours in the past and that is without taking into consideration inflation.

The West Indian Board of Control is in a far worse financial state. The crowds and the receipts in the Caribbean are comparatively small. Next winter they know they will not only have to find extra revenue to pay their own players, mainly full-time mercenaries—resident abroad, but also the England side. To make matters more difficult the riots which have recently disgraced two many tours out there make it less attractive for visiting teams which is sad because those islands have much to offer in addition to the considerable charm and ability of their cricketers. Nevertheless, players, whose income has about quadrupled since the Packer revolution, will be less keen to undertake problem tours, unless the money is very attractive.

One aftermath of the cricket war has been that the power of the ICC has noticeably decreased, whereas the power of the established international and

stocks overall. Analysed further trend then both England and Wales and Ireland. If this is a reflection of the 1978 drought there is a hope that things will mend as rivers become restocked.

Two African countries are among the latest to participate in the Coins of the World proof series. Ordinary versions of the decimal coinage for general

Advertisement for furniture featuring the text "DIRECT FROM THE MANUFACTURER" and images of various furniture pieces like a bed, chair, and table.

Advertisement for wine featuring the text "HOWEVER... AT THE NOBLE GRAPE" and a list of wine types and prices.

Advertisement for a jazz festival featuring the text "JAZZ KEVIN HENRIQUES" and "Scott's 20th" with details about the event.

Advertisement for bay trees featuring the text "BAY TREES NEW STOCK" and details about the products and prices.

Advertisement for refectory tables featuring the text "REFECTORY TABLES by" and an image of a table.

Handwritten text at the bottom of the page: "مكتبة الأمل"

HOW TO SPEND IT

by Lucia van der Post

...and The Bride wore...

MIDDLE-AGED matrons who weep at weddings when they see the bride's party coming up the aisle are not suffering from any sudden upsurge of sentiment. It is relief that brings tears to their eyes: the relief of knowing that this time, someone else has had the job of sloggng the wedding industry's now places; of inspecting rows of monstrous, shiny white dresses; of choosing flowers and finding cakes; of hantling through provisional guest lists with bloodied eyes in hand; and of coping with those dear, dear friends from the Other Side who operate on the principle of "Don't invite us—we'll invite ourselves." And our sons and daughters...

Last month I was a member of the supporting cast in an open air nuptial production that was staged in London on the banks of the Thames. My own role as the bride was little more than a walk-on part though crucial to the plot—at the Obergruennutter decided I should also double as assistant stage manager. It is of a post I would recommend.

Gypsy couples are said to through rings of fire together part of the general splicing procedure—but hoops of flame do not provide nearly as good a way of simulating sheer, unadulterated hell as putting someone through the rump to more orthodox fixture. The OGM, who produced and directed the show, gave a truly formidable performance. She quickly proved that she could teach Britain's top managers a thing or two about delegation and what an eye for detail.

"Susi? Sorry to ring you at the office, I... What?... Yes, I daresay there is an oil crisis but this is important. Where are you going to put your cigarettes while you're walking down the aisle? Your dress doesn't have any pockets, you know, and... No, of course you can't put one behind your ear."

Finding a wedding dress proved to be one of our biggest problems. I don't know who designs the things but whoever they are, they need to try harder. The shops are full of unbelievable creations with frills round the neck, pin tucks

SUE CAMERON

on the bodice, bows on the sleeves, buttons down the front, tulle roses at the waist, flounces round the skirt—and all on the same garment.

After many fruitless Saturdays spent trailing round the bridal departments of the larger stores, I finally found a dress in a tiny shop round the corner from my home. The walls and ceiling at Catherine Buckley, 302 Westbourne Grove, London, W11 are festooned with exquisite pieces of antique lace interspersed with the dresses that have been made in the little workshop downstairs.

Most of the dresses are designed by Catherine herself, although some of her knitwear is designed by Shirley Alinger, her cutter. The shop specialises in antique lace—much of it hand-made—and wedding dresses like the one I bought can be made from up to a dozen different pieces of lace that are carefully cut and then applied together to form the whole. The sewing and applique work is done by Ivy Edwards who also does all the fitting. It is possible to go into the shop and buy a finished dress but there are a number of advantages to having one made—especially in the case of a wed-

POPULAR MYTHOLOGY would have us believe that all the brides in England get married in the spring. However, the caterers, the florists and the bridal departments

ing dress. We spent several delightful hours choosing lace and discussing the design of the dress itself.

Ivy is also an expert at suggesting those minor alterations which prevent the bride from looking quite as wide as a tactless tape measure would suggest.

Catherine Buckley's other speciality is spray printing. Lace wedding dresses can be altered afterwards and printed in delicate shades of green, pink or peach. Examples in the shop looked stunning. The OGM herself bought a fine wool dress in emerald green with a jacket in the same material spray printed in black.

Many of Catherine's silky rayon knit dresses and suits are also spray printed (see our illustration)—they would be ideal for a register office wedding—as are some of the chiffon evening dresses.

Fine cotton dresses with Edwardian pin-tucking or broderie Anglaise incorporated into the bodice or skirt cost from about £100. Catherine Buckley's lace wedding dresses cost from £250 upwards—the price depends on the lace used—and the rayon knit suits are around £200. Lace cushions are from £17.95 for 16 ins square. You can also find the dresses at Harrods, Knightsbridge, London

SW1, and the rayon knit suits at Smiths of Bath, 11 Beaufort Square, Bath.

Beauty salon

Directly above Catherine Buckley's showroom is a small beauty salon run by two sisters, Jane and Diana Valori. Jane does facials and massages while Diana is an expert in electrolysis to remove unwanted hair. The pretty salon, with its flower print covered walls, also boasts a solarium.

Jane makes her own face and body cream but otherwise there are no cosmetics or skin care products on sale and therefore no pressure to buy a load of unwanted lotions at inflated prices. But Jane will recommend brand-name beauty products that can be bought at chemists and department stores.

She does not make up clients' faces but concentrates on treating the skin itself—an unusual but perhaps sounder approach. Her massage for face, neck and shoulders is highly recommended to the harassed—whether or not they are brides suffering from familial and organisational aggro.

Jane and Diana, who normally accept clients on personal recommendation only, charge £7.95 for a facial, £8.95 for a massage and £5 for a solarium treatment.

although there is an upsurge of demand for bridal accoutrements in springtime, marriage is a year-round business. So, if you are a bride-to-be

ANNABELINDA IS a charming shop at 6 Gloucester Street, Oxford, which specialises in clothes which are totally individual. Though the designers love making bridal dresses for brides, those who love Annabelinda clothes, but are either married or not thinking of getting round to it just yet, might also consider the shop, which stocks a whole host of beautiful and original day and evening wear.

However, for the bride-to-be, Annabelinda offers a very comprehensive service. Whenever possible, it is best for the bride to visit the shop. This way she can see the dresses for herself, pore over the fabrics, designs and trimmings and clarify her ideas while the Annabelinda designers for their part, can size the bride up and help her decide what will best suit her shape, face and tastes.

All the wedding dresses are original, though of course there are some standard styles and an overall look which is part of their distinction.

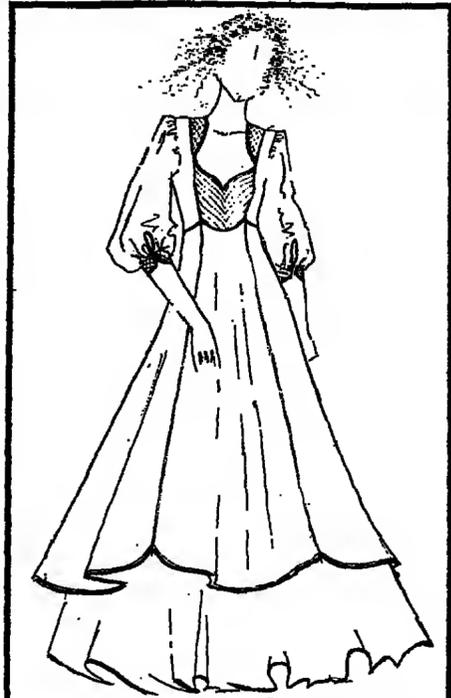
They use pure silk, fine lawns, silk chiffon, and voiles, and they offer very beautiful hand-embroidery (some brides like to have special flowers or motifs hand-embroidered on collar, cuffs or waistbands), and hand-painting.

If you want some idea of the sort of dresses they design before you make the journey to Oxford, write to Annabelinda at the above address and you will be sent a special leaflet for brides. The shop will also provide head-dresses, outfits for the bride's mother, pages and other attendants.

If you live in the Outer Hebrides, or for one reason or another cannot get to Oxford the shop will do its best for you by post.

If you have any antique lace that you want a dress built around, this will be done with much enthusiasm, for Annabelinda's designers love old and beautiful things. Prices of wedding dresses start at about £150 and go up to £450.

(whether you're getting married in autumn, winter or spring) and you don't want a stereotyped wedding dress, here are three ways of finding something unique and special...



RIGHT: Silk crepe de chine dress with quilted bodice and double skirt piped in Indian silk £309, worn with matching quilted silk bolero £85, from Annabelinda.



TOP LEFT: Sue Cameron's wedding dress in antique lace.

TOP RIGHT: Classic rayon-knit suit is ideal for a register office wedding or going-away, £200; worn with lace camisole about £75. All garments are spray printed in peachy pink, from Catherine Buckley.



Drawing, top right, by Pauline Rosenthal

RUMAK has for years been making flattering dresses for well-born girls about to be launched upon society. The designers specialise in a deliciously pretty look so it seems quite natural that they should also turn to making delightful wedding dresses.

Most of the creations, whether for evening wear or weddings, have very much the air of being eminently suitable for the young Juliet. Many of them are high-waisted and have floating ribbons and this look is also translated into wedding dresses.

Favourite fabrics are silk, georgette and silk velvet with antique lace and ribbon trimmings. The prices vary from £85 to £500. At the upper end of the price bracket £109, the bride has the dress made sketch left, entirely to her specification—

she can choose fabric, style, trimmings and, of course, it is made to measure.

At the lower end of the price scale, Rumak is happy to alter a dress to fit and to change the trimmings, but basically the dress will have to be one of the standard styles.

Rumak takes an interest in the whole outfit and Kate Rothwell, who also works for Liberty, makes the veils to complement the dresses. She uses silk chiffon and handroils the edges. She also makes head bands from plaits of pearls and here again the bride can ask for a special colour to be incorporated into the headdress to link it with her bouquet or the trimmings of her dresses.

Rumak is at 109, Walton Street, London SW3. The bride has the dress made sketch left, entirely to her specification—

LEFT: Figured silk dress with Chinese hand-embroidered bodice and panels of silk chiffon, trimmed in velvet, antique lace and satin ribbon, from Rumak.

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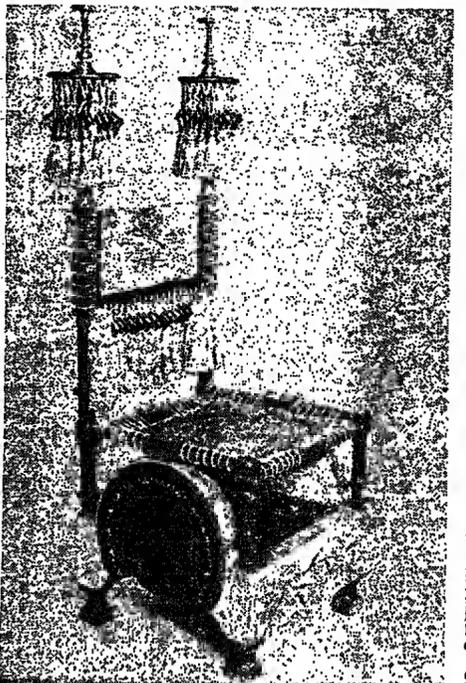
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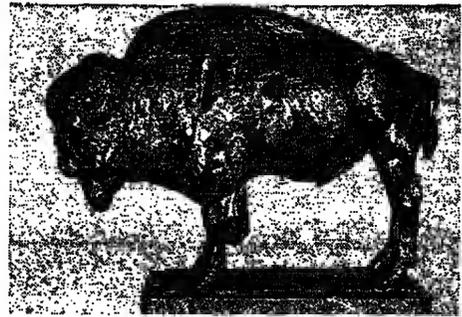
Amazing Bugattis

BY JUNE FIELD

FOR MANY people the name Bugatti is associated only with cars, but it also belongs to a dynasty of Italian artists and sculptors. Three generations of the Bugatti family, grandfather Carlo (1856-1940), his sons Ettore (1881-1947) and Rembrandt (1885-1916), and grandson Jean (1909-1939), produced a diversity of work covering furniture, silver and bronzes as well as automobiles.



Chair by Carlo Bugatti



Rembrandt Bugatti's bronze bison 1910, in 'The Amazing Bugattis' exhibition at the Royal College of Art, Kensington Gore, London SW7, open daily 10 am-7 pm until 18 November, also featured in Mary Harvey's new book 'The Bronzes of Rembrandt Bugatti' (Palaquin Publishing)

such original and delightful work." Philippe Garner applauds Carlo's "single-minded, highly individualistic talent." He draws attention to Carlo's jewellery and silver designs as well as such stylish novelties as the "small room" from the Turin Exhibition, particularly the G-shaped chairs, "a highly intelligent solution to the problem of seat design, allowing space behind the circular seat for the overhanging of coat tails or train."

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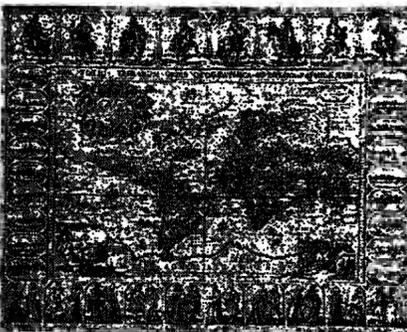
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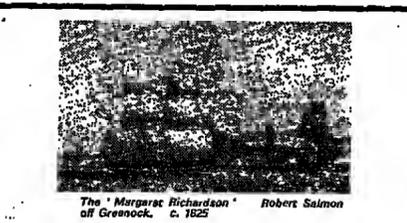
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Saturday October 13 1979

The world goes monetarist

THE ANNOUNCEMENTS made in Washington last weekend could, if monetarists' beliefs are justified, prove the turning point in the post-OPEC era; for monetary control is now to be tried seriously for the first time as a general approach to combating inflation. This may seem an odd statement, since we in Britain have seen policy and market dominated by monetary targets, apart from one brief lapse, since 1976, and our European partners have much longer histories of firm monetary policy.

Illusion
The fact is, however, that monetary policy was always in danger of erosion as long as the growth of the world's most widely held currency, the dollar, was effectively out of control. Although the Fed published seemingly restrained targets they were commonly missed by wide margins, partly because the Fed's day-to-day operations in the market were designed to stabilise interest rates rather than the growth of bank credit. In any case, the published targets failed to take account of dollars which vanished from circulation due to intervention by foreign central banks; in effect the Bundesbank and its allies were helping to produce an illusion of monetary control, to the U.S. at any rate, and substituting excessive monetary growth in their own countries instead.

In Britain, the price of relatively clean floating was a highly volatile exchange rate. General monetary stability could not be achieved without the U.S. The radical reform introduced by Mr. Paul Volcker could end this disorderly period. It is far too early to take it for granted that this result will follow: U.S. policy is still based on targets which are excessively insular, and should the dollar relax again, the Fed could again be deceived into over-expansive policies. However, it has now chosen an instrument, control of the monetary base, which could stabilise the growth of domestic credit, and by abandoning the attempt to stabilise interest rates, it has made it possible to use that instrument. The exchange markets were initially strongly impressed by the potential of the new policy, but are now somewhat more inclined to wait and see.

The effect in the UK has been rather more decisive. The markets took one look at U.S. policy, and decided that its earlier hopes of an easing of UK rates before long could not any longer be justified. Gilts took a heavy fall.

Independent
In theory, this reaction is too despairing. A regime of floating exchange rates is supposed to make it possible to pursue independent interest rate poli-

The unpredictable U.S. economy after Mr. Volcker's package

BY JUREK MARTIN, U.S. Editor

IT SNOWED in Washington this week, the earliest descent of the white stuff since records were kept; just along the road in Baltimore the World Series of baseball began in temperatures hovering above freezing; and one of the brand new underground trains shed its driver and tumbled shapely along through several stations before an alert female passenger mastered its computerised mind with a hair pin.

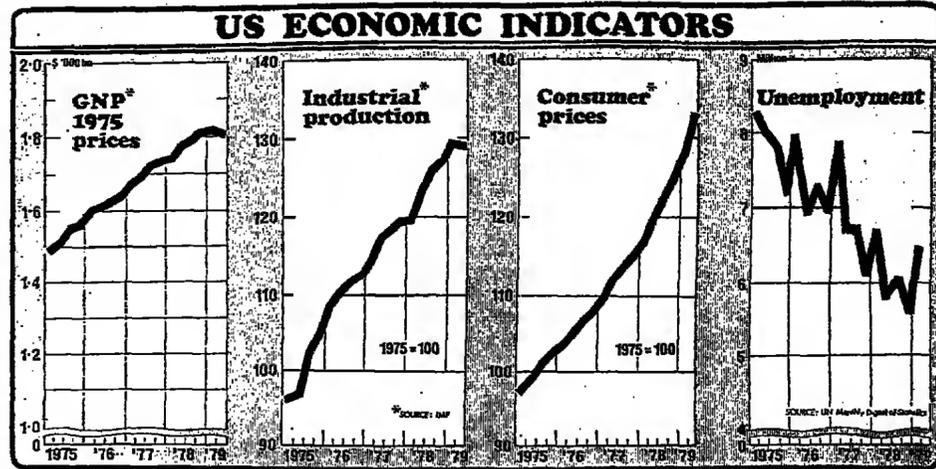
Normally blame for such portents of a long hard winter would have been laid at the door of President Jimmy Carter. But on this occasion, the suspicion in the nation's capital mirrored that to be found in the confused caverns on Wall Street: that the *deus ex machina* was a man of genuinely olympian demeanour, Mr. Paul Volcker, chairman of the Board of Governors of the Federal Reserve System, the American central bank.

Fed measure rumours

The scare stories that coursed through the country in the wake of the Fed's adopted last week of a radically changed and austere anti-inflationary monetary regime had to be heard to be believed: that a credit crunch of unrelieved dimensions was in the offing; that banks would fail; that the housing industry would collapse; that retailers unable to bear the cost of financing inventories, would stop placing new factory orders, thus depressing industrial output and sharply increasing unemployment; and that with OPEC again threatening to increase prices and cut production, the nation would be put through an anti-inflationary wringer and still come out sopping wet.

The sum of the stories was that the existing recession, which even this week Mr. G. William Miller, the Treasury Secretary, was still maintaining was already half over, would be prolonged at least until the third quarter of 1980 as well as being made much deeper. Adding to the confused gloom was the persistent belief, well founded historically, that neither a President nor a Congress, both up for re-election, would stand idly by while the economy goes to rack and ruin and the populace contemplates whom to vote for.

President Carter's strong support for the Fed's moves and the surprising absence of criticism from Capitol Hill could not allay the deep-seated fear that the body politic would cut and run and so weaken the anti-inflationary fervour of the moment, that the vicious cycle of inflation would never really be broken. The truth is that, for all the Stygian predictions of the doom-sayers on the one hand and the palliatives of the Administration and the Fed on the other,



the kind which characterised the 1974-75 recession, when the housing market fell through the floor and inventories assumed disturbing proportions in relation to sales before being drastically run down.

It was a slim consolation, given the fact that next year's projected recovery was bound to be weak, with unemployment probably going above 7 per cent and inflation not much below double digit levels, but it was better than nothing. But that is all ancient history: The modern era, which began last Saturday with Mr. Volcker's announcements, will test to the hilt if the economy's foundations are as solid as the Administration hopes. It is not hard to discern the vulnerable spots.

Construction, both residential and commercial is bound to be squeezed of funds. Twenty-four of the 50 states currently have usury ceilings (generally 12 per cent) which, unless lifted, could make the raising of finance next to impossible when market rates are much higher. The savings and loans associations (equivalent to building societies in Britain) have already begun to report an outflow of funds by depositors in search of better returns—and this trend was evident before last Saturday's package and presumably will get worse unless the Government raises the interest rate ceilings which tie the hands of the S and Ls.

The housing industry has a protection it did not enjoy in the 1974-75 recession in the shape of the money market certificates issued by the thrift institutions, which attracted some \$180bn of investment in their first year of operation. But even the competitiveness of these instruments is now in some doubt. Moreover, Mr. Volcker has warned all financial institutions against speculative investment—and speculative

band, with consumer debt as high and the savings rate as low as they are, with the cost of credit going up and its availability likely to become more scarce, it would be reasonable to expect the average American to draw in its purchasing horns. But on the other hand, the consumer has shown persistent resilience in the face of inflationary pressures for some time. Any trough into which he descends may turn out to be quite shallow. The best indicator of this is likely to be the level of Christmas sales.

A determining factor for all sectors of the economy is clearly going to be the lending policies adopted by the commercial banks under the new regime. The worst scenario, muttered abroad this week, is that the banks, particularly those saddled with fixed as opposed to floating rate commitments, will be discriminating in the extreme, both to finance inventories, consumers, or those companies whose prospects look particularly marginal (the name Chrysler inevitably comes to mind) — in other words a classic "credit crunch."

Favourable chord

Militating against this is the fact that many corporations are quite liquid at present and have not yet turned bearish on capital investment. Moreover Mr. Volcker has made it clear that the Fed does not intend to cut off the flow of credit needed for the adequate functioning of the real economy, though it will frown on speculation. In this respect, he seems to have struck a favourable chord in the business community. Mr. Reginald Jones, General Electric's chairman, told a meeting of the Business Council on Thursday night that he had yet

Unremitting inflation

What, course, was unchanged throughout the summer months was the unremitting rise in inflation. Both wholesale and consumer prices continued to advance at a 13-14 per cent annual rate and such relief as was received on the food front was overwhelmed by the impact of energy costs. The Administration's voluntary wage and price guidelines, which indeed have served as a moderating force since average hourly earnings have in the last 12 months only gone up by 7.9 per cent, appeared in practice increasingly irrelevant. Inflationary expectations certainly had not been dampened.

The one consolation the Administration clung to all along was that at least the economy remained more or less in "balance." There were no glaring structural weaknesses of

Inventory complaints

The high cost of carrying inventories is another particular problem—and nobody is complaining more loudly at present than the nation's 28,000 car dealers. As a group it is estimated that they are paying at least \$100m a month in interest charges to finance the 1.7m cars currently in showrooms. Inventories are high because of the brief boom brought on by Chrysler's desperation discount sales policy of midsummer and the short lived euphoria associated with the introduction of the 1980 new models. But Detroit has already announced substantial reductions in output in the face of now slack demand in the final quarter of the year. Dealers, meanwhile, are caught in the bind of having to sell off bloated stocks, often at discount prices, while saddled with the additional burden of higher interest charges.

There is already evidence of discounting spreading to other retailing sectors (colour televisions, for example). What is unclear is the extent to which the consumer will respond to such inducements. On the one question of first things first. In any event, the simple application of Gresham's Law would inhibit the use of gold as a medium of exchange alongside depreciating paper money.

A gold-based system, with all its benefits, could have been implemented via gold revaluation some twenty years ago; that is before the inflation rate really took off. The politicians thought better. They chose the soft option of corruptible paper with the appalling result of stagflation only too evident today. The climate for a return to the impartial discipline of the gold standard will come about only when there is an overwhelming universal desire to start afresh with honest money and low interest rates. This unhappily will be born of acute suffering brought about by the inevitable collapse of the present dollar paper standard to which Mr. Rippon refers.

What other investment has increased in value by 600% in eight months?

Rare old Chinese and Russian bonds have proved to be among the most rewarding investments for collectors and investors over the past few years. For example, The Chinese Gold Loan 5% 1908 £20 (French) Catalogue No CA 114c.

Catalogue value in February 1979	£25
Auction price in July 1979	£120
Current value	£175

The supply of these bonds is rapidly drying up and further substantial appreciation seems likely in this still new field.

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Letters to the Editor

Metrication
From Mr. L. Hall
Sir,—It is perhaps not too preposterous to foresee the future peoples of the world all speaking English as the international language of the world, and all using the metric system of measurement as the international world standard.

While the French appear likely to oppose the language progression to the hilt, it looks like being the British who will be lagging behind the rest of the world on metrication. As Mr. G. G. Zahler points out (October 4) the U.S. Metric Board was established last year. Congress had voted \$30m over the previous three years to encourage their education establishments to prepare students to use the metric system. The people of the U.S. are not renowned for dragging their feet once they have made up their minds, and how damaging and humiliating for us if the U.S. programme is accomplished ahead of the UK—when we have been dilly-dallying with it since 1965.

Progress has been made in UK over the past 14 years, especially in education—and it is perhaps time to criticise industry for not being ready to make use of the students who are now fully qualified in the use of the metric system. The fact is that most of our industries are in a "half-way house" situation, in all that this means in terms of confusion and costly duplicated standards. Industry has perhaps gone as far as it can on its own initiatives, and having reached a state of dual-standard stability, everyone is waiting for everyone else lest they be out of step. Metrication now needs a big drive from Government to help push it through the final transition.

ordinary consumers referred to by Mr. Jeremy Mitchell (October 9) come up with any surprises, but remember how we all dreaded decimalisation over eight years ago? The worst part of that experience turned out to be the "half-way house" phase when we were continually try to convert. Of course the remaining conversion to metric will be costly (so is staying "half-way") but whatever the cost, it can only become more costly as each year passes.

Chunnel
From Dr. F. Levy
Sir,—British Rail regret to announce that the EEC-Express will be delayed for three hours and 15 minutes for the reason that it was five minutes late at Calais when the Chunnel was already closed to East-West traffic. (Announcement to be made every so often if the tunnel is constructed for single track only.) No comment required. DR. FRANCIS L. LEVY, 12, Castlegate, Richmond, Surrey

Discontent
From Professor J. Gould
Sir,—The Lombard column by Brian Groun (October 10) on the use and misuse of political language is both penetrating and timely. It gives me an opportunity to cite an important piece of current political rhetoric—the fashionable description of the industrial and social events of early 1979 as "the winter of discontent." I do not know who first applied this Shakespearean motif to the discussion of those events. But, quite swiftly, the phrase has become a useful political cliché for people on the Left (including those who are known—or wish to be known—as moderates). The reasons for its use are obvious; it leaves open the question of who were

the discontented and why, eg, muscular pickets or their victims in schools and hospitals. The blanket term discontent also serves to play down the "legal" and "intentional" nature of which trade union power can so easily slip. We should not accept talk of "the winter of discontent" as if it were a climatic phenomenon; instead, we should challenge the architects of the winter's mischiefs.

Stansed
From Dr. J. Wallace
Sir,—I am pleased that my letter on the "quiet" airport (October 2) should have produced two "anti" letters (October 6) which reveal that the real reason for the opposition is not the airport but the prosperity that will result. Travel and communications have always resulted in jobs and prosperity and have usually been opposed by some section of the community who have later enjoyed those amenities.

Assessment
From Mrs. M. Coombe
Sir,—If Mr. Castlemount (October 10) turns to section 39 of the 1970 Taxes Act, he will find that an action for separate assessment relieves a husband from the obligation to make a return of, and pay tax on, his wife's income. No doubt his other "considerable" responsibilities are similarly avoidable. (Mrs.) Margaret Coombe, Beverley, Sunderland Road, SE23.

Underlying qualms at the Tory conference

THE CONSERVATIVE PARTY conference is a much more sophisticated exercise than is generally understood. Or so at least one was told by a senior Tory Minister, to whom we shall give the benefit of the doubt.

"All those people out there," he said, pointing to the delegates, "they're trying to tell us something and we have to reassure them."

The trouble with the Conference at Blackpool this year was that it was not immediately clear what the delegates were trying to say, and at least until the speech of Mrs. Thatcher yesterday afternoon they were far from reassured.

Contrary to expectations, the conference was anything but a victory rally. The general mood was one of uncertainty, of questioning and even of fear. It was as if the size of the problems to be faced had finally come home to Ministers and representatives alike.

Superficially of course, it was all as before: the rhetoric of the leadership and the applause here all there. But it was as if the confidence had gone, or at least is going. In that sense the Conservative Party is perhaps much more like the country at large than a glimpse of the representatives assembled at Blackpool would suggest.

The conference wanted the Government to succeed, but it was not quite sure that it will; on one aspect, could the conference easily have defined success.

The timing may have had something to do with it. Five months after the general election is a little late for a celebration. It is also too early for the Government to present new ideas borne of the experience of office, or to have much to report in the way of achievements. Ministers concen-

trated on listing the promises in the election manifesto that have already been fulfilled, or will be fulfilled in the near future. That was their way of providing reassurance, and indeed the manifesto in British politics has now attained the status of holy writ.

Yet the promises in the manifesto fall into two categories. There are those which are specific and which can be fairly easily carried out, such as selling off the National Freight Corporation. There are others which are less tangible such as when that will happen and all the rhetoric about it has to be taken on trust. It was as if people dared not ask: what happens if we fail?

Free market

Nor was any great comfort drawn from the proceedings of the Labour Party in Brighton last week. It was Lord Thatcher, the Conservative Party chairman, who pointed out on the first day that Brighton had been bad news for Britain. The conference seemed to agree. The divisions in the Labour Party make the Conservatives' responsibilities all the greater.

The conference appeared to sense the onus for making the free market lie with them. If they fail, there may be no more attempts and they wonder if they can really do the job.

Time and again attention turned to winter, last winter, this winter and next. What will it be like, people were asking, this time next year when our policies will have been in effect for 18 months? There is a fixed determination that there can be no U-turn, even among those most sceptical of present policies. But that does not stop

people wondering what will happen. Will there be a confrontation with the unions, and when? How long will the Government keep its nerve if unemployment goes on rising and there is little or no growth? At what stage will it be possible to say that the corner has been turned and that things are beginning to go right? Alternatively, how bad would things have to become before those voices in the Cabinet which are now quiet began to call for a change of course?

It would be wrong to extend this analysis of a conference plagued by the Prime Minister's confidences is her greatest asset. No one is challenging her now, but in the Cabinet there are those who support her more out of hope than belief. The Cabinet as a whole is not intellectually convinced of the case for relying on monetarism, nor of the case against State intervention in industry, though it is prepared to go along with these policies and will do so for a while yet.

There was a striking example during this week's conference. One of the subjects on people's minds was the future of the Times. News of the negotiations between the NGA and the Times management was eagerly awaited, not least by Ministers who, like most of the rest of us, would regard the disappearance of the newspaper as a tragic development.

Yet there was also a firm conviction among Ministers that there is nothing the Government should do about it. To intervene now, the theory goes, would undermine the whole strategy of keeping the State apart from disputes in which it is not directly involved.

The theory runs deep. It explains why the Government did nothing about the engineering dispute in the past few



Roger Taylor

months and would still have done nothing even if the dispute had lasted much longer. Moreover not only will the Government not do anything, it is also reluctant to say anything. Even the idea of calling the parties to a dispute together for talks at something like the old Ministry of Labour, as the Conservatives would have done in the 1950s, is out, and it is out because the Cabinet believes that such an approach would destroy its policy of making people face the consequences of their own actions. If one of the consequences is the loss of The Times, so be it.

Maybe this will change eventually. Some Ministers think that it will, but it will not happen yet, and it is interesting

to speculate how serious a dispute would have to be before the Government was compelled to intervene. Again, this is a sign of the Government's policies having to be taken on trust until we see if they work. The question remains: how long does the Government have before a judgment is made one way or the other?

There was also some unease about the public spending cuts. No one is criticising them yet, though there is clearly some concern about the way they have been presented. It ought to have been relatively easy to show that they were cuts in Labour's planned but unfunded expansion rather than in the existing outlay, but the chance has not been taken. Instead the

impression has got around that the Tories believe in cutting public expenditure for its own sake.

That is an unfortunate development at a time of recession. After all, even Tories were brought up to think that when private investment is depressed, public investment should rise.

No least, there are mutterings about interest rates and VAT. The decision to raise VAT to 15 per cent is probably the most unpopular taken by the Government so far, even within the Conservative Party. At the same time, the fears about interest rates remaining high are a reminder that the new savings premium age may be still a long way off. Conservatives would like to believe that the turning

point has come. They are not entirely reassured by the evidence. It would not be completely surprising if the Government did intervene in the next few weeks to prevent the rise in mortgage rates, though the advice of the Treasury would be against.

Of course, the conference also had its lighter, and nastier, moments. It was not all a debate about the future of Britain. One will treasure for a long time the memory of the normally assured Mr. Julian Amery referring to the Foreign Minister of Zimbabwe-Rhodesia sitting next to him as 'Foreign Minister Mugabe'.

There was also the occasion when practically the entire conference stamped in applause as a speaker from the floor referred to "that nauseating Yank, Teddy Kennedy". That presumably was a case of the representatives having something to tell the platform. It could yet be embarrassing if Mr. Kennedy becomes President, since one of the first British requests to him will be to help with the next British independent deterrent.

Responsibility

It was the same with Rhodesia. Lord Carrington had his triumph and deserved it. Foreign Office thinking now is that sanctions will have to be allowed to lapse in November, but in the hope that negotiations for a peaceful settlement will still go on. Even if the Lancaster House talks break down, there will still be the matter of new elections in Rhodesia for which Britain will have responsibility.

One wonders how many of those who hayed to end sanctions now, and who have made

a hero of Mr. Skith, realise the nature of the problem and of the difficulties ahead. What ever happens in some ways the Tories have not changed. They may have become more realistic about Britain's economic place in the world but in international affairs some of them still want to take on our friends and enemies alike.

In the end, however, the hangers and the floggers, the anti-American and the pro-Smith lobbies, as well as those who make no distinction between the question of immigration and that of race relations are still in a minority. The debate on immigration, for example, was not as nasty as it might have been. There were even some Ministers who had feared the worst, who concluded that on this matter the party is again moving towards tolerance of those immigrants who are in Britain.

Returning to the main stream, the was probably some comfort to be taken from the fact that this was not, after all, a victory rally. The Tories do not appear to believe that they represent the whole country, despite their majority in Parliament.

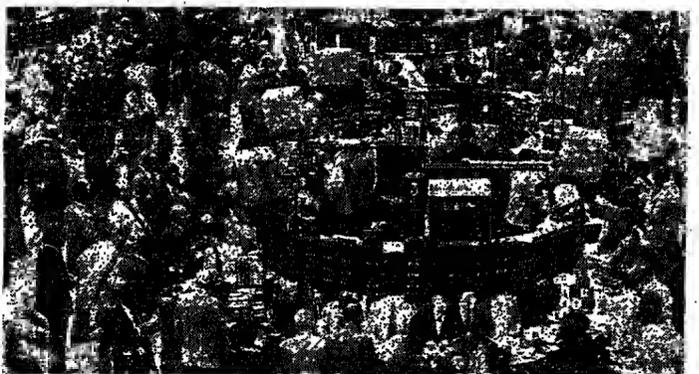
Nor do they believe that the Government will get very far unless it can take the country with it.

They are acutely aware of past failures and of false dawns. That is probably to their advantage. Firmly tends to make for an encouraging start, even if it was not always apparent in the Prime Minister's final rallying speech.

Mrs. Thatcher may have gone further than some of her Ministers expected in her denunciations of trade union power and of the Soviet Union. But the appeal for wider support was there as well.

Malcolm Rutherford

How Wall Street's fall hit the lives of unsuspecting brokers... the wandering ex-Guardsman who is to head the Savoy... and how offices could be a forgers heaven.



New York Stock Exchange: tumbling week.

Glyn Genu

The drive downwards continued into Wednesday—a day when for the six hours of trading and a clear up hour beyond that, Chapro did not even have time to snatch a cup of coffee. "Everybody was going around looking hypertense and saying 'they are selling, but there is no 'they' in this game, I guess panic is a fair word to use. It wasn't rational and it certainly wasn't too skilful."

The most stupid thing Chapro witnessed was a floorman who came out with a standard, although by any measure big so-called news deal in which means one broker arranging both the buying and selling end of a transaction—for a block of 50,000 IBM shares worth around \$65 each. He duly bought from his seller but the market was moving so fast that he lost his buyer as prices swept downward. "I dunno what happened to him. He should have read the market better."

By 2.30 pm old hands like Chapro, whose heads had been hard down all day mainly channeling vast quantities of information back to their office-bound colleagues, began to notice trusted specialists (the equivalent of London jobbers) starting to buy. At the same time there was a trickle of buy inquiries from Drexel's own customers. The result was a partial rally and a record closing day volume.

"It was pretty amazingly hectic, but not as exciting as a fast rising market like when Johnson announced a Thanksgiving Day 1968 that he would not run," says Chapro. "He counts the view that the exchange was gripped by some interbank generated speculative mania. Wall Street, he maintains, does reflect the world's response to the U.S. economy, and just now he thinks the world is right to be uncertain. He sees oil as the fundamental problem. Inflation as his biggest personal and professional worry and is scared to think what Volcker can do next if this latest manoeuvre fails or becomes politically unsustainable.

But he doesn't want to overdo the pessimism, and anyway he is convinced that the volume record will be broken again shortly. On Wednesday night he slept all the way from Grand Central to Scarsdale.

Beds but not bored

If there is a section for up-market itinerants in any forthcoming books of records then Giles Shepard, the chirpy ex-Guardsman who is about to take command of the Savoy hotel group, should be in the running. In an eagerness to sample the product and meet the staff the mobile Mr. Shepard has managed 135 different hotel beds in the past three years. Shepard succeeds Sir Hugh Wontner as managing director of the group next week, a youthful appointment (he is 42) that follows a Savoy tradition—Sir Hugh himself was 32 when he took over. In preparation for the task Shepard's perambulations have taken him to rooms in all the Savoy outposts, they range from the discreet Connaught to the sleek modernity of the Berkeley, and all the time staff have found themselves in the sort of energetic conversation which is Shepard's hallmark.

"Yes I am good with people," he says with a genial twinkle, and you tend to believe him. "I always have been. It goes back to my days in the Coldstream guards when I was adjutant of the second battalion and I was responsible for a lot of people."

He describes those days in the Guards as "enormous fun," so much fun in fact that after he had finished his two years national service he enlisted for another three years, before finally leaving to join Charrington's Brewery as a trainee brewer. "My grandfather had been in brewing and I'd never really thought about anything else."

By the age of 23 Shepard was a director of Charrington's and responsible for the reconstruction programme for their London pubs. Again it was "enormous fun," he says, visiting all the pubs and deciding how to renovate them.

heading up Bulmers then newly-acquired wine division, Finelatter, Mackay Todd. In 1967 Shepard decided that he needed a formal qualification and took himself off to the Harvard Business School for a year—not only enormous fun but "tremendously hard work and tremendously beneficial."

The year at Harvard gave him sufficient business acumen to run a small London property company, Westminster and Country Properties from 1971 to 1976—again a job he enjoyed, but you get the impression that whatever the job Shepard would make sure he enjoyed it—and during that period he was invited to become a director of the Dorchester.

"I left the Dorchester when the Arabs took over and joined the Savoy as a director in 1976. It's a marvellous job, and a style and atmosphere I really believe that we have the best personal attention of any hotels in London and I will do everything I can to maintain that personal service. Obviously there will have to be some changes—we can't sit still like a dinosaur or we'd become extinct—but they won't affect the style or the service. We will always keep our traditional luxuries—like fresh linen, sheets every night. It's so nice to sleep in fresh linen, isn't it?"

And, be confident, there is something else. "Do you know we have the largest ladies powder room in the world?" No, I didn't, so there's something else for that record book.

Colourful times ahead

The pages of the magazine *New Scientist* form a treasure house of often alarming early warnings. This week, amid what the business world might regard as the esoteric affairs of the Antarctic environment and the revival of a supposedly extinct Pacific tree, is the chilling news that forgery of such everyday business items as luncheon vouchers and travellers cheques could soon be imminently simple.

The invention that could be causing the authorities some sleepless nights is the colour copier. Already in the London area, Rank Xerox has some ten machines operating in the claimed security of their copy shops. More are to come. Next week Canon of Japan, the only other company currently producing colour copiers, unveils its version at the International Business Show in Birmingham. Public use, in a copy bureau, should start by the year's end.

While the manufacturers are claiming that a general office colour copier is a remote prospect—saying it's not yet commercially viable—it can only be a matter of time before many head offices have one.

This begs some very searching questions from the authorities who issue negotiable documents. Just how secure is a luncheon voucher... or a traveller's cheque... from the clutches of the increasingly sophisticated con man?

Rank Xerox is alleged to have run into trouble recently when the introduction of its colour copier in the States unleashed a plague of dud stocks, shares and bonds.

For its part Canon, which says it is not its responsibility to worry about the counterfeiting danger, admits that colour copier production is somewhat crude. Light brown can come out as anything from grey to hiter chocolate. Because of the complexities of colour, it doubts whether there will ever be the technology for like-for-like copying.

Meanwhile, the authorities are nonetheless rattled. While the issuers of airline tickets, travellers cheques, luncheon vouchers and so on, place great faith in their existing high security—overprinting, magnetised ink, coding—they are keeping a very beady eye on developments.

Luncheon Vouchers, which has nine security points on each item (including magnetic ink), reckons it can quickly spot a dud on its return to head-quarters, where it is read and checked. From there, it is not difficult to trace it back to source. But it foresees trouble down the line at the catering end. Small amounts don't worry them, it is the big-time fraud who buys one of these machines and churns out hundreds of thousands.

British Rail says it may have to revise its security methods if the copiers are very sharp and accurate. And while BR says it is nothing to do with these copiers, it is investigating a pilot scheme of rail tickets with coded magnetic strips to counteract the high cost of fraudulent travel which already loses it millions a year.

It remains to be seen whether on a busy day at Torquay station a harassed ticket collector notices a faded ticket and whether a harassed waitress laboriously checks every single voucher before fetching the sandwich.

Contributors:
Ian Hargreaves
Robyn Wilson
Feona McEwan

Weekend Brief

The Day of the great fall

Alec Chapro was on his way to the Appetivo restaurant on Manhattan's 56th Street last Saturday night when he heard on his car radio the first news of an announcement by Mr. Paul Volcker, chairman of the Federal Reserve Board, that the Central Bank was to tighten its control of the country's money supply with radical new measures.

Over dinner with colleagues and their wives, Volcker's statement was the subject of only brief discussion that evening. "I knew it would be negative for bonds and that it would hold interest rates but I'm not going to pretend I knew exactly what it would do to stocks," he says now.

Returning home that night to his detached ranch style home in Scarsdale, one of New York's roomier and leafier suburbs, Chapro felt at the sack of his mind that he was in for "an interesting week."

When he reported for work at 8 am at the Board Street office of Drexel Burnham Lambert, one of the city's bigger securities brokers on Monday, most of the U.S. was enjoying its Columbus Day holiday. Banks and many institutional offices were shut, but the New York Stock Exchange, where Chapro's Drexel's senior floor partner was open for business. Chapro's one of 2,500 souls who daily skate and occasionally wade through the carpet of torn paper which litters the plank floor of this rather parched looking cube of turn of the century neoclassicism in Wall Street.

That day, the Exchange's main trading room where the 12-year-old Chapro bases himself in one of forty or so collegiate library style booths, there was "not a lot of concern" about Volcker's package. Fresh slid in money trading, but when business closed behind the great green tinted windows—so designed to block early morning glare—Chapro did his usual end of day hour back in Broad Street at his usual 5.30 train from Grand Central Station.

By 7.15 he reached his office of Tuesday things were moving fast. There had been heavy selling of U.S. stocks by foreign holders and the New York Times and Wall Street Journal (Chapro reads on the train) the other in the office were full of gloomy suggestions about the likely side effects of Volcker's medicine.

Economic Diary

THURSDAY: Consumers' expenditure (third quarter—first preliminary estimate). UK banks' assets and liabilities and the money stock (mid-September). London dollar and sterling certificates of deposit (mid-September). Lord Hallsham, Lord Chancellor, and Mr. Gordon Richardson, Governor of the Bank of England, speaks at Lord Mayor of London's dinner.

FRIDAY: Department of Employment publishes the retail prices index for September. The Central Statistical Office issues the September tax and price index. London Chamber of Commerce conference on doing business with Egypt.

WEDNESDAY: Basic rates of wages and normal weekly hours (September). Monthly index of average earnings (August). Cyclical indicators for the UK economy (September). BL board meets to decide on redundancies plan. Financial Times conference Brazil—Outlook for the 1980s, opens Rio de Janeiro (until October 17). Confederation of British Industries Council meets.

TUESDAY: Balance of payments current account and overseas

TOMORROW—Lord Trenchard, Industry Minister, starts 10-day visit to Japan to promote joint ventures in UK.

TODAY: Mr. James Prior, Employment Secretary, speaks at Engineers and Managers Association conference, Southampton. BL shop stewards meet in Birmingham to discuss redundancies plan.

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SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

In a deal being effected by its subsidiary, Charlton Leslie Engineering, BTR, the rubber manufacturer, is buying the electrical and engineering concern Campbell and Isberwood for an agreed 175p per share cash. Ellerman Lines, which controlled nearly 40 per cent of the latter's equity, has accepted the offer and total acceptances amount to over 51 per cent.

London and European increased its offer for Taylor Fallister, the engineering and marine equipment group. The new terms, on the basis of 118p per share cash with a loan stock alternative, were accepted by holders of 31.6 per cent of the shares in TP and comprises with London and European original proposal to offer 98p cash per share.

Oil Exploration, a member of the Phillips consortium, is in discussions with an unnamed party which could lead to an offer for the company.

Terms were agreed between GKN and Armstrong Equipment for the exchange of certain subsidiaries first announced in August. GKN is to pay £14m for Armstrong Autoparts with outlets in the UK, Ireland and France, and Armstrong is to buy Firth Cleveland Fastenings from GKN for £2.1m.

Wagon Industrial Holdings is selling its Wagon Repairs subsidiary to Procor, a subsidiary of the U.S. concern, Trans Union for £4.4m.

Hall Engineering contracted to buy John Taindon, a private steel stockholder for £3.58m cash, of which £2.58m was paid on exchange of contracts.

In a deal designed to provide the company with further opportunities to develop its activities in the U.S., civil engineer and public works contractor F. J. C. Lilley is to acquire 80 per cent of construction concern Harrison Western Corporation of Denver, Colorado in a cash deal worth \$4.8m (£2.24m).

In Australia, Western Mining Corporation launched a surprise ASX10m (£10.5m) bid for BE South to counter Cominc Rotinto's agreed cash and share offer worth about \$517.4m. An earlier bid for BE South from National Mutual Life Association, which had built up a 30 per cent stake in the company, was rejected.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m**	Bidder	Final Acct'ce date
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Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m**	Bidder	Final Acct'ce date
Allen (Edgar) 99	69½	61	63	9.63	Astron Hldgs. —	17/10
Avery	245	245	275	90.4	GEC —	17/10
Jobo Bright 99	40½	39	43	4.20	Largs —	—
Campbell & Isberwood	175*	173	123	1.73	BTR —	—
Clifford & Snell	31½	40	35½	1.81	Ransome Bofman Pollard —	—
English Card Clothing	130½	129	102	5.80	Carole —	—
FFA Const.	16½	16	19	1.83	Heywood Williams —	28/10
Gibbons Dudley	160½	153	87	30.96	Steeley —	24/10

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends* per share (p)
Amalgamated Pwr.	June	798 (3,110)	3.08 (2.95)
Ash & Lacy	June	1,086 (878)	5.5 (3.5)
Assoc. Biscuit	Sept.	5,396 (4,001)	3.0 (1.65)
Ayreshire Metal	June	781 (525)	3.0 (1.71)
Barr & Wallace	July	1,300 (1,230)	2.25 (0.87)
Bowthorpe Hldgs.	June	3,640 (3,300)	1.28 (0.84)
Brona Engng.	May	221 (56)	0.82 (0.44)
Brumfitt (Muss.)	June	775 (687)	3.78 (3.45)
BSS	June	4,150 (4,810)	0.38 (0.92)
Cartwright (R.)	June	502 (392)	1.73 (1.5)
Christies Intl.	June	2,850 (2,690)	1.75 (1.25)
Debenhams	Aug.	4,731 (4,871)	2.04 (1.77)
Ellis & Goldstein	July	801 (655)	1.0 (0.87)
Empire Stores	Aug.	3,487 (2,947)	2.4 (2.07)
External Trust	Sept.	617 (315)	3.25 (2.78)
Farnell Elec.	July	2,290 (1,830)	1.3 (1.03)
Feb Internat'l	June	224 (204)	0.88 (0.74)
Fimlay (James)	June	4,490 (5,030)	2.75 (2.15)
Fogarty (E.)	June	852 (1,055)	1.61 (0.46)
Foster Brothers	Aug.	4,540 (3,950)	1.0 (0.78)
Fremans (SWB)	Aug.	7,803 (7,208)	1.5 (1.05)
Greens Econstr.	June	875 (1,100)	2.82 (2.12)
Heine of Lond.	June	729 (558)	— (0.34)
Higgs & Hill	June	205 (1,205)	1.9 (2.2)
Horse of Leros	June	403 (564)	1.83 (1.58)
Hunting Gibson	June	1,052 (1,122)	6.0 (10.1)
Laing Properties	June	2,700 (2,451)	1.25 (1.0)
Leamy Products	July	2,280 (3,380)	1.23 (1.18)
Lillehall	June	203 (125)	1.0 (0.68)
London Pavilion	June	35 (119)	— (—)
Messie & Co.	Aug.	528 (3,091)	0.25 (—)
Martin (Albert)	June	450 (524)	1.5 (1.85)
Martin Black	June	102 (224)	— (1.0)
Menzies (John)	June	1,170 (1,150)	2.0 (1.25)
Mersey Docks	June	2,210 (1,780)	— (—)
Minet Holdings	June	4,865 (7,823)	2.75 (2.30)
Moylem (John)	June	2,234 (2,407)	1.75 (1.58)
New Internat'l	June	12,210 (8,080)	3.0 (2.23)
North (M.F.)	June	1,191 (1,911)	0.13 (0.11)
Parker (F.)	June	177 (135)	— (—)
Pickles (W.)	June	238 (316)	0.2 (0.2)
Reed Executive	June	1,251 (782)	1.5 (0.9)
Richards (Lees.)	July	68 (242)	1.5 (1.5)
Rohrer	June	559 (450)	0.85 (0.77)
Sea Holdings	July	37,555 (31,581)	10.5 (10.5)
Senkot Engng.	June	2,415 (3,727)	0.75 (0.85)
Silentalight	July	1,560 (1,760)	0.97 (0.77)
Stanley Miller	June	88 (131)	0.6 (0.5)
Tate of Leeds	June	327 (219)	— (—)
Transatlantic Gen. Sep.	Sept.	103 (494)	2.9 (2.5)
Turbif Corp.	June	338 (485)	— (—)
United Carriers	July	2,017 (1,521)	1.5 (0.95)
Wimborne Rink	June	801 (925)	2.5 (1.78)

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. || Data on which scheme is expected to become operative. ** Based on 12/30/79. †† At suspension. ††† Estimated. §§ Shares and cash. ¶¶ Unconditional.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings* per share (p)	Dividends* per share (p)
Bejam Group	July	6,044 (4,419)	9.07 (7.69)	2.17 (1.62)
Boulton (W.M.)	June	903 (1,370)	2.2 (2.7)	1.33 (1.22)
BPM Holdings	June	5,940 (4,070)	92.9 (55.4)	4.23 (3.2)
Cans. Gold Fields	June	86,480 (69,800)	38.12 (25.15)	12.51 (9.18)
Cradley Printing	June	285 (188)	6.57 (4.7)	1.47 (1.11)
Episcars Holdings	June	485 (141)	1.56 (0.57)	1.0 (0.33)
Gilgate	June	58L (14)	— (0.19)	— (—)
Glaxo	June	72,270 (82,264)	42.5 (48.1)	16.0 (11.4)
Highland Elec.	April	610 (565)	5.02 (3.21)	1.5 (1.19)
Kent (M.F.)	June	1,850 (1,110)	17.2 (9.5)	2.73 (2.25)
Lake & Elliott	June	1,944 (1,620)	14.0 (11.7)	4.7 (4.1)
Lavers Optical	June	29L (63L)	— (—)	— (—)
Lockwoods Foods	May	906 (2,250)	5.6 (15.6)	4.3 (4.1)
Lyles (S.)	June	953 (385)	14.35 (5.74)	5.5 (4.99)
Photo-Me Intl.	Apr.	2,344 (2,225)	48.5 (38.29)	9.45 (6.03)
Scottish Metro.	Aug.	2,010 (2,270)	3.22 (3.09)	2.5 (1.78)
Startrite Engng.	June	665 (523)	26.46 (25.01)	2.25 (1.85)
Stobert & Pitt	June	978 (1,330)	35.5 (50.9)	11.06 (10.85)
Wombwell Fodry	July	480 (607)	7.43 (9.83)	1.5 (1.34)

Scrap Issues

Bejam: One for three.
Cradley Printing: Five for two.
Glaxo: One for one.
Kent M.F.: One for one.

Offers for sale, placings and introductions

A. and J. Mucklow: £5m of 13½ per cent first mortgage debenture stock 2000-06 at 88½ per cent.

Charles Hill cuts loss

A FURTHER reduction in losses is reported by Charles Hill of Bristol for the first half of 1979. The group has announced a pre-tax loss of £6,000, compared with £500,000, on turnover down from £5.42m to £5.65m. At the end of last year the deficit was £740,335.

The directors say the results are "not too discouraging in view of the very poor start to the year experienced by the three main subsidiaries. They were hit by ships being diverted from Avonmouth, the lorry drivers' strike and the severe winter.

The great improvement on last year's figures was mainly due to the disposal of Nort Brodie and Co. in January, 1979. However, they point out that while the company is on the way to better times the third quarter has not been too good and there is again to be an interim dividend.

Turnover	1978	1979
£500,000	£652,000	£419,000
Losses (excluding £500,000)	1,000	500,000
Share of assoc. created losses	5,000	45,000
Provision for losses	5,000	500,000
Tax	2,800	2,800
Net loss	8,800	508,000
To minorities	1,000	6,000
Pre-tax dividend	6,800	8,500
Attributable loss	17,300	511,500

Movitex Board calls for support

The two-man board of Movitex has appealed to shareholders to vote against the appointment of three new directors at the annual meeting on November 5. The direct confrontation follows months of negotiations between the board and Mr. David Macdonald and Mr. Christopher von Meisler, two engineers who bought a block of shares in May. These two, with Mr. Robert

Ellerman £2.7m in the red

Ellerman Lines plunged deeply into the red in the first half of this year, weighed down by increased insurance charges and losses on shipping activities during the continued world slump in the industry.

"Despite profits of over £2m from its brewing interests, the privately-owned group suffered a net loss of £2.7m, compared with a £748,000 surplus. The group had predicted its first-half results would be poor, and Mr. Dennis Martin-Jenkins, the chairman, said yesterday the outlook for the full year was unclear. But it would be "most disappointing if there were not some recovery."

Total turnover during the half year ended by £1m to £8m, with profits from trading operations, associated companies and investments down from £3.7m to £1.9m. In the whole of last year, they totalled £10m.

Finance charges were up sharply to £4.6m from £2.9m, including £851,000 exchange losses. The surge in finance costs also reflected the impact of Ellerman's heavy investment programme—1979 is a peak year for loan and lease finance repayment.

Ellerman's after-tax loss was £2.02m against £290,000 profit, with net realisation costs of further £800,000 (£534,000). An unchanged interim dividend of 2.25p is being paid on the deferred ordinary stock. J. W. Cameron, the Hurdlepool brewing group owned by Ellerman, raised its pre-tax profits

from £1.7m to £2m during the period, despite the bad winter. Tollenmache and Cobbold, however, saw its profits fall from £108,000 to £75,000.

Mr. Martin-Jenkins said Ellerman planned to raise the capacity and profitability of the two breweries. Other divisions were also being reorganised to take early advantage of any upturn in the shipping sector. Liquid resources remained strong, he added.

Improvement at Oceana Consolidated

Pre-tax surplus of Oceana Consolidated, investment trust, increased from £12,124 to £130,308 for the year to March 31, 1979. A single dividend of 1.0p is announced, compared with 0.744232p last year. Stated earnings per share rose from 3.57p to 4.93p.

Finance for Radley

Radley Fashion Group has taken a further secured loan of £130,000 from Industrial and Commercial Finance Corporation, with interest at 15 per cent payable over 10 years. Subject to confirmation at the next annual meeting, ICFC will

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In accordance with the provisions of the Notes notice is hereby given that for the six months interest period from 11th October, 1979 to 11th April, 1980 the Notes will carry an Interest Rate of 14½% per annum. The interest payable on the relevant interest payment date, 11th April, 1980 against Coupon No. 2 will be U.S. \$75.93.

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Heart Disease is a threat to your business

and highly vulnerable are men aged 45-64

Over 1 million are afflicted in this age group—about one in five. 135,000 a year are admitted to hospital. 43,000 die each year. That's nearly twice as many as cancer; 13 times more than all accidents; and 51% of the total deaths in this age group.

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The vital importance of Heart Research

If it hadn't been for research, killer diseases like smallpox, TB, diphtheria and polio would still be a menace. The British Heart Foundation is now the largest contributor to heart research in this country and in the past 20 years there have been significant advances: open heart surgery; greatly-improved diagnosis; the Pacemaker and many life-saving drugs. But heart attack is still the greatest threat. We still do not know what causes it or how to prevent it.

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WORLD STOCK MARKETS

Companies and Markets

Early Wall St. prices move up

INVESTMENT DOLLAR PREMIUM \$2.80 to \$1.331% (321%) Effective \$2.1600 11.9% (101%) STOCKS MOVED higher from the opening in what analysts called a technical reaction to the heavy selling during the week. By midday, some of the early gains had faded, but prices remained narrowly higher. Analysts said a firms' dollar closing prices and market reports were not available for this edition.

and a drop in the price of gold contributed to early gains, though gold was recovering later. The Dow Jones Industrial average rose 0.09 to 844.71. Advances led declines about three to one on turnover of 16m shares. Banking figures released by the Federal Reserve had little impact on the market, because the rules have changed since the end of the October 3 statement week. The Fed's new anti-inflation package took effect on October 8. Glaxo and Blue Chips were mixed. General Motors lost 1/8 to \$61. IBM, which on Thursday reported lower third quarter net, dipped 1/4 to \$66. Du Pont 1/4 to \$31. Eastman Kodak added 1/4 to \$51. Boeing 1/4 to \$45 and Telephone 1/4 to \$143. American Motors rose 1/4 to \$21.

181. Renault acquired a 5 per cent stake in AMC's Common Stock and Convertible Debt that could raise the total to 22.5 per cent. Volume leader Occidental Petroleum, which the previous day reported a sharp rise in third quarter profits, added 3/4 to \$23. Tappan rose 1/4 to \$17. The U.S. subsidiary of AB Electronix of Stockholm offered to buy Tappan for \$15 a share. Resource Resources slipped 1/4 to \$38. Hudson Bay Mining, which had yet to trade, said it bought 9.8 per cent of Resource's common for about \$21m. American Stock Exchange prices rose sharply to active trading. The index gained 1.70 to 214.94 on turnover of 2.59m shares.

CANADA—The market turned mixed with a moderately active trading. The Toronto Composite index lost 21 points to 1,683.3 at noon. Nine of 14 indices retreated. Gains outnumbered losses 206 to 169. Oil shares were mixed as Bow Valley rose 2 1/2 to C\$29, Hudson's Bay Oil 1 1/2 to C\$27, Canadian Homebrew 3/4 to C\$23 and Canadian Hematite 1/4 to C\$23.23. Among losers, Dome Petroleum fell 1 1/4 to C\$49, Shell Canada 3/4 to C\$32 and Aquiline Canada 3/4 to C\$39. BP Canada, which is abandoning its Hare Bay well, lost 1 1/4 to C\$33. Gold issues were lower as

NEW YORK

Table of stock prices for various companies in New York, including Johnson & Johnson, Amgen, and others.

Indices

Table showing various stock indices like NYSE All Common, Dow Jones, and Standard and Poors.

NEW YORK - DOW JONES

Table showing Dow Jones index performance over time.

CANADA

Table showing Canadian stock market performance.

F.T. CROSSWORD PUZZLE No. 4098 A prize of £5 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Cannon Street, London, EC4A 3DF. Winners and solution will be given next Saturday.

THURSDAY'S ACTIVE STOCKS Table listing active stocks and their prices.

GERMANY, AUSTRALIA, PARIS, STOCKHOLM, AMSTERDAM, BRUSSELS/LUXEMBOURG, JOHANNESBURG, MILAN, TOKYO, VIENNA, OSLO, COPENHAGEN, and other international market data.

Cowdenbeath to win Hyperion Stakes. IN SPITE of the strong claims of recent winners Super Asset and Bay Street, I believe that today's Hyperion Stakes at Ascot could well be fought out by two maidens - Cowdenbeath and Prince Spruce.

Anglo-Indian joint ventures planned. BRITISH AND INDIAN engineering and construction companies are preparing to launch a programme of joint ventures in the developing world, it was announced yesterday.

ACROSS 1 Fit in bird and dog (8) 4 Domestic chore that is decreasing? (7) 5 Going to ignore piece of wood (6) 6 He's not by (4, 5) 7 Is able to write verse (5) 8 First light on the Severn—a legend of Spring (6) 9 Assassin's confession in Scots island (5) 10 Unemployed have a fight for loaf (4, 5) 11 Following note depressed by remaining radiance (9) 12 Tease number of birds shot in miscellaneous collection (8) 13 Dated morning test (4) 14 Win before No. 5 runs into trouble (7) 15 Put one's foot down and cause a revolution (7) 16 Sue a testifier? That could be clever (6) 17 Stop of defiance from war-painted features (5, 4) 18 A long time getting engineers to enter consent (5) 19 Speaker discovers gold on a hill (8) 20 Not wholly depressed by minor athletic award (4, 4) 21 Gipsies' damson confection (6) 22 Water supply abroad is getting drunk (4, 4) DOWN 1 Month to tie up fraud (6) 2 Lame invalid inside to sticky (9) 3 Dickey course at end of day (5)

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

Increased earnings expected by Ferodo

FERODO, France's largest vehicle components company, expects current year profits to show an improvement following strong activity during the third quarter.

Group sales for the six months ended June, rose by 23 per cent to FF 3.1bn (\$780m), or by 13 per cent on a strictly comparable basis.

On the mechanical and electric equipment side, the company's sales have risen by 13 per cent, while in the electric equipment sector, they have gone up by 15 per cent.

First-half upturn carries Honda to record profit

BY RICHARD C. HANSON IN TOKYO

HONDA MOTOR COMPANY raised its net profit at parent company level by 54.3 per cent in the first half of its financial year to a record ¥12.1bn (\$83.6m).

The company, which is now cooperating with BL on the development of a new car, benefited from a weakening of the yen in the six months to August 31.

The takeover will be financed by foreign borrowing, and therefore needs the approval of the Swedish Riksbank (central bank).

summer to boost exports (which already account for 65.3 per cent of all sales) in the second half of the year.

Production of the new model, started in September, is 30,000 units per month, two-thirds of which will be shipped overseas.

Over the past decade under its present chairman, Mr. Hans Werthen, Electroflux has pursued an aggressive business philosophy, expanding its market shares in both Europe and North America by takeovers.

Alternatives to merger for Bank of Adelaide

By James South in Sydney

THE SOUTH AUSTRALIAN Premier, Mr. David Tonkin has held out the prospect of alternative means of resurrecting the Bank of Adelaide should the proposed merger with the ANZ Banking Group fall through.

Local sentiment against the Adelaide's loss of identity is running high. A merger with a larger Australian bank was ordered by the Reserve Bank earlier this year when problems with property assets forced the trading banks to organise an \$450m (U.S.\$66m) rescue operation.

In a speech to the SA Parliament this week, Mr. Tonkin said that there was no point in shareholders voting against a substantial takeover of the Adelaide by an overseas bank.

Getty counterbids \$631m for Reserve Oil and Gas

BY DAVID LASCELLES IN NEW YORK

GETTY OIL, the Los Angeles oil company which was an unsuccessful bidder in the recent auction for Belridge Oil, has switched its attentions to Reserve Oil and Gas, a Denver oil company.

Without giving figures, Mr. Shell said that Shell's U.S. oil production this year will be modestly below that of 1978 because of a fire at a gas plant.

CHICAGO—Central Soya, the soy processing and animal feed concern, believes that expansion and improvements in its feed and farm products are laying the groundwork for higher earnings in the years ahead.

had been expected to seek new opportunities. Reserve Oil operates in most areas of the petroleum industry from exploration right up to marketing.

STAMFORD — Moore McCormack Resources, the transport and natural resource concern, raised net income in the third quarter by some 47 per cent, to about \$15.8m, or \$2.79 a share, from the \$10.9m, or \$1.90 a share in the same period of the previous year.

Net income for the nine months was put at \$29m, or \$3.08 a share, up about 29 per cent from \$22.4m, or \$2.93. Included in the third quarter consolidated results are the earnings and revenue of Florida Mining and Materials Corporation, the cement concern. Moore McCormack acquired a 65 per cent of Florida Mining on July 1. It is expected that Moore will acquire the full 100 per cent before the end of this year.

U.S. acquisition for Electroflux

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

ELECTROFLUX, the Swedish household appliances group, has made a \$66m bid for Tappan, one of the leading American manufacturers of household equipment.

The takeover will be financed by foreign borrowing, and therefore needs the approval of the Swedish Riksbank (central bank).

Radars wins battle for store chain

BY OUR FINANCIAL STAFF

THE FRENCH supermarket group Radar has triumphed in the battle for the retail store chain Paris-France. The latter has recommended shareholders to accept the FF 305 per share offer from Radar, which values Paris-France at \$100m.

Paris-France said yesterday that administrators representing 32.8 per cent of its capital are prepared to ensure the success of Radar's offer, which is conditional on at least 20 per cent of the shares being tendered.

Shell Oil chief forecasts 35% rise for full year

BY OUR FINANCIAL STAFF

SHELL OIL of the U.S. expects to be able to maintain over the full year the 35 per cent rate of increase in net profits established in the first half, according to Mr. John F. Bookout, president. He said that the company expects profit gains in the chemical and exploration and production areas, along with at least maintained performance from sales of oil products.

Without giving figures, Mr. Shell said that Shell's U.S. oil production this year will be modestly below that of 1978 because of a fire at a gas plant.

Central Soya optimistic

BY OUR FINANCIAL STAFF

CHICAGO—Central Soya, the soy processing and animal feed concern, believes that expansion and improvements in its feed and farm products are laying the groundwork for higher earnings in the years ahead.

He repeated an earlier forecast that the company will report earnings for the year ended last August 31 of \$2.20 to \$2.30 a share, against \$1.94 in the fiscal year of 1978.

Upturn at Moore McCormack

BY OUR FINANCIAL STAFF

STAMFORD — Moore McCormack Resources, the transport and natural resource concern, raised net income in the third quarter by some 47 per cent, to about \$15.8m, or \$2.79 a share, from the \$10.9m, or \$1.90 a share in the same period of the previous year.

Net income for the nine months was put at \$29m, or \$3.08 a share, up about 29 per cent from \$22.4m, or \$2.93. Included in the third quarter consolidated results are the earnings and revenue of Florida Mining and Materials Corporation, the cement concern.

The First Viking Commodity Trusts

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Higher BHP dividend

By Our Sydney Correspondent

AUSTRALIA'S largest company, BHP Billiton Proprietary, has lifted its interim dividend from 15.5 cents a share to 17 cents for the half-year to November 30.

Market Reports

BASE METALS

COPPER—Sharply higher on the London Metal Exchange following news that a road/rail strike in Zambia had been destroyed.

Market Reports

GRAIN

LONDON GRAIN FUTURES—The market opened 40-50 higher on reports of Brussels' decision to issue restrictions on grain, and values rose sharply.

Market Reports

AMERICAN MARKETS

NEW YORK, October 12. Live Hogs—Oct. 35 15-34.95 (35.57, 35.05), Oct. 34.90-34.70 (35.50-34.80), Feb. 37.00-36.90, April 35.50-35.40, June 35.20-35.50, July 40.00, Aug. 38.00, Oct. 39.25, Dec. 40.00, Sales: 4,225.

Market Reports

COFFEE

NEW YORK, October 12. Coffee futures—Oct. 1801.00, Nov. 1810.00, Dec. 1820.00, Jan. 1830.00, Feb. 1840.00, Mar. 1850.00, Apr. 1860.00, May 1870.00, Jun. 1880.00, Jul. 1890.00, Aug. 1900.00, Sep. 1910.00, Oct. 1920.00, Nov. 1930.00, Dec. 1940.00.

Zambian rail link attack lifts copper

BY OUR COMMODITIES STAFF

THE decline in the market allowed the monetary measures in the U.S. which revived fears of an economic recession developing in the months ahead at would cut demand for copper.

A significant feature of the market was that cash wirebars moved to a greater discount below the three months quotation, despite another fall in warehouse stocks and forecasts

Weekly Price Changes

Table with columns: Commodity, Latest price, Change, High, Low. Includes items like Tin, Lead, Zinc, Nickel, Silver, Gold, and various oils.

Weekly Price Changes

Table with columns: Commodity, Latest price, Change, High, Low. Includes items like Wheat, Corn, Soybeans, and various oils.

Weekly Price Changes

Table with columns: Commodity, Latest price, Change, High, Low. Includes items like Rubber, Cocoa, and various oils.

Weekly Price Changes

Table with columns: Commodity, Latest price, Change, High, Low. Includes items like Sugar, Meat, and various oils.

BOOKS

Next in line

BY C. P. SNOW

Charles, Prince of Wales by Anthony Holden, Weidenfeld and Nicolson, £8.95, 313 pages

This country was lucky to have on to the monarchy. One hundred years ago, some detached observers would have bet much money on it, and wouldn't have thought it specially important. In that they showed a lack of social insight. By chance, not by judgment, we managed by cherishing the monarchy to split off executive power (that is, political power) from any kind of exalted veneration. Such a kind of veneration is produced by what they call "mana". This is something which most people feel very easily and carries the fatal infection of religious hush. Not many British citizens feel much of a religious hush when they go into No. 10 Downing Street. A high proportion of them do feel it in the doxy world of Buckingham Palace. Mana and power have become neatly separated. The interesting thing is, a good many Americans feel the presence of mana as they enter the White House. Their voices change as they speak about the President, whoever he may be. Mana and power have become indivisible. This can have serious consequences. It inflicts psychic wounds when things go wrong with the holder of the Presidential office. We haven't any right as a rule to congratulate ourselves on our political instinct. The last 30 years tell their own bleak story. But in our attitude to this monarchy we were wiser than we knew. At this moment the monarchy is the only thing about us in which well-wishers from other countries are genuinely interested. Anyone who travels at all has met this curiosity, usually affectionate, again not free from the presence of mana. You can meet it in unlikely places, including the Marxist world. Hence a public for books about royal persons. Hence books such as this one, Anthony Holden's biographical sketch of the Prince of Wales. On the whole, biographies of living subjects ought not to be encouraged. The writer normally can't have access to anything like the full truth. If by any fluke he does know it, he can't tell it. That said, Holden's book is good of its kind. He is one of an excellent group of British journalists in their thirties, who can hold their own, on equal terms, with their American contemporaries; and that is praise. In writing about Prince Charles, he is neither sycophantic (which would be a bad fault) nor malicious (which would be worse). He has affection and respect for his subject and treats him as a man. He has picked up a lot of information and plenty of gossip. Most readers will have no means of assessing it for themselves, and will have to depend on their trust in the author. Judged by the text and nothing else, the picture of the personality is certainly vivid, and reasonably self-consistent. Being born Prince of Wales must be a curious fate. In one sense, of course, it means privilege on an almost limitless scale, freedom of choice such as Walter Mitty might realise if his dreams came true. But is that real? Ultimate freedom of choice is almost as destructive as no choice at all. For a man who is both hyperconscious and hyperactive—this can safely be inferred from the evidence—some aspects of existence are likely to be a continuous frustration. The result appears to be that the Prince tackles almost anything, including things he doesn't really like, forcing himself to be a kind of universal professional. There is much to admire about this excess of duty, but elderly wisecracks would feel that, in the end, it must impose abnormal strain. There is another aspect of the Prince's fate. He was born to superlative privilege, which may be one strike against him. In a loving and harmonious family, he was also born to an exceptional father, which is not likely to make things easier. The best prescription for being able to use all of one's capacity with maximum freedom, is to have an inadequate father. You may lose excitement, you may even lose love, but there is nothing on your back. This isn't cynical, just historical—reflect on characters who have been able to display their gifts as though there wasn't a breath of resistance in the air around them. Now no one could call the Duke of Edinburgh inadequate, in any way whatsoever. As with the Prince Consort, he has more talents than most people on the scene. It is a pity, exactly as with Albert, the country hasn't been able to use him sensibly. For almost any son, however loving the relationship, unless the son had widely different gifts and temperament, a father with Prince Philip's dynamism and eminence would be hard to compete with. Many sons in these circumstances give up and become amiably passive or alternatively wasters. A few, with strong wills and consciences, expose themselves to any amount of tension in order to justify themselves at the father's level. It doesn't make for a serene life. As I said, I don't believe that biographies of the living should be written. But I confess that I read this one with interest, and went on reflecting as to what condition it is most fortunate to be born into.



Prince Charles: brief encounter in Fiji

Fire gone out

BY MALCOLM RUTHERFORD

Final Term: The Labour Government 1974-1976 by Harold Wilson, Weidenfeld and Nicolson and Michael Joseph, £8.95, 322 pages

Few political reputations in recent years can have declined as fast and as far as that of Sir Harold Wilson. Indeed it is difficult now to recall, how his very presence in a room used to have an electrifying effect. In the early 1960s the then Mr. Wilson had wit, bite and ambience as well as humanity. He seemed also to have vision. Yet he turned out to represent a future that didn't work. One of the reasons for his current obloquy, one suspects, is his own refusal to admit that anything much ever went wrong. Anyone seeking to construct a defence of the Wilson years would be obliged to argue that he held the Labour Party together in difficult circumstances, that his governments introduced some useful social reforms and provided a framework for state intervention in industry that fell short of outright nationalisation. What more could have been done? By implication, that is very much the line that Sir Harold takes himself in his book on his last years in office. He concludes: "In my view a constant effort to keep his party together, without sacrificing either principle or the essentials of basic strategy, is the very stuff of political leadership." One has only to look at the proceedings of the Labour Party conference in Brighton earlier this month to see the truth of his remark. Without a leader capable of bringing the factions together, the future of the party seems dim. Sir Harold has also not yet been proved wrong in his claim that under his stewardship Labour became the natural party of government. "No longer just a party of protest—while in fact embodying in government our ancient role as the party of protest against social evils and economic inequities." Labour has been in power for 11 of the last 15 years, and it would be rash to write off its return if it can solve its problems of opposed factions. The point which Sir Harold consistently misses, however, is: surely the future was meant to be better than that? The Wilson governments stumbled from one crisis to another, industrial relations, pay-granges, sterling and the same cycle over and over again. On the very day that the Prime Minister had planned to announce his resignation, for example, he arranged to be called at 6 am to hear the latest market reports from Singapore. If the reports had been good, the announcement would have been postponed. Such an episode reveals a great deal about Wilsonian planning. The failure of this book, and indeed the failure of Sir Harold Wilson, is the refusal to stand back and ask: what went wrong? The young Mr. Wilson promised growth, but scarcely achieved it. He also promised efficiency, but the record of the Labour Government 1964-70 and 1974-76 was arguably even less efficient than those of the Tories before.

Was there perhaps something wrong with the machinery of government? Did the rise of trade union power make the pursuit of growth without inflation almost impossible to achieve? Maybe there was something wrong with the Labour Party itself, or even with Sir Harold Wilson? Or was it perhaps the psychology of the British people which preferred things as they were? None of those questions are even asked. Instead it is a matter of one unexpected crisis after another. One day, for instance, the Prime Minister was shocked to hear that British Leyland was facing a liquidity crisis. It is the reader who is shocked by that remark. Why did the Prime Minister not know before? What sort of government was that? To borrow a phrase from the earlier Wilson period, once again the Government had been blown off course. The trouble is that by that time it was very difficult to know what sort of course the Wilson Government was meant to be on. It might be possible, as I said, to build an elaborate defence by arguing that things could have been worse. But Sir Harold has not really done that. It rarely even seems to occur to him that a defence is required. This book contains few insights and few of the vignettes which from time to time enlivened the record of the Labour Government 1964-70. There is an interesting glimpse of Mr. Brezhnev appealing for the survival of the white race, but there is not much more. It will be hard to convince one's children that Harold Wilson was once a man of fire, even if he probably always was a conservative at heart.

Fiction

Prodigal Dad returns

BY MARTIN SEYMOUR-SMITH

The Skaters' Waltz by Philip Norman, Hamish Hamilton, £8.95, 331 pages

Treasures of Time by Penelope Lively, Heinemann, £4.95, 199 pages

When the Tree Sings by Stratis Havlaras, Sidgwick and Jackson, £4.95, 219 pages

Born with the Century by William Kinsolving, Collins, £5.95, 315 pages

Shadow of the Moon by M. M. Kaye, Allen Lane, £5.95, 614 pages

A Lucky Fellow by Jeffrey Simmons, W. H. Allen, £5.50, 257 pages

The Skaters' Waltz is Philip Norman's fourth and, by a long chalk, most substantial novel. The author combines the logical expertise of a Sunday newspaper "investigative" journalist, interviewer of figures as diverse as Elizabeth Taylor and Colonel Gadhafi of Libya—with the (qualified) enthusiasm of a reporter on the Rock and Blues "scene". His earlier novels combined the light-heartedness of Woodhouse (who raised him) with the wryness of Salinger; they were witty, but a little feather-like in that they tended to float away from the mind when read gratefully. The Skaters' Waltz is more memorable. It is about both the sensibility of a boy, Louis, shattered

by the state of perpetual war between his parents, and the history of an able, handsome, doomed man—his father. It begins when the thirteen-year-old Louis, who has been living alone—deserted—in a gloomy seaside flat on the Isle of Wight, finds that his father has returned. This unhappy and unwelcome man, an ex-RAF officer, is shown to us through the uncomprehending and yet sensitive eyes of the boy, who suddenly becomes a new issue (on what is no more than a whim) in the pointless marriage. The boy, we realise, will probably survive. The tragedy is that of the man. The settings—1950s pubs, country hotels, and finally the seaside—are vividly and carefully evoked; they will be recognised with nostalgic pleasure by those who lived through those times. It is a sad, often comic, accurate tale; ultimately it is a grim one because contained within the account of the ordeal of a boy is another of a ruthless exploiter whose evil is both a waste and, eventually, self-destructive. Philip Norman well conveys the horror of having such a father. Treasures of Time is less assured and convincing, but is intelligent and quite elegant. It is centred on the personality of a dead archaeologist who became famous as the result of a dig on a Wiltshire Neolithic site. Now, five years after his death, the BBC is doing a television programme about this dig. His daughter Kate, who liked her father too much for her own good, loathes the prospect. His widow is delighted; she can thus attract the public attention she hitherto lacked. The programme itself involves falsities and distortions: TV wants a story, and is not too particular about its proximity to the truth (which is, perhaps, not "televizual"). The weakness of Treasures of Time is that it adds little to what the sort of person who is likely to read already knows; it is psychologically acute—but to make the necessary impact it needs to be deadly. This time the author is too generous for that; but if she spurns her claws... Stratis Havlaras is a Greek poet who worked in his own country until he was over 30, when he went to the States (1967); later he began to write in English. It is a shame that his competent and readable first novel, When the Tree Sings, should come to us so wrapped in superlatives. I don't if words like "stunning," "marvellous," "heartwarming," "classic," "superb," "haunting" and "terrifying," when piled on top of one another, help to sell a book: if it is all that good it will sell itself. It is unfair to the author, who is no Tolstoy. When the Tree Sings is a bid to re-create the success of Kazantzakis' Zorba the Greek—or at least, it is on the part of its American publishers. Actually the author has much of his own to say in this story of a boy's growing up in the time of the German occupation of Greece. He tells his own story in an "epic" narrative style, rather mannered but mostly effective. The characters are well and straightforwardly drawn, and while the effect is not "emotionally shattering" it is strong. The evocation of Greece in time of trouble is authentic. Born With the Century is described as "the novel by William Kinsolving, which some might think was jumping the gun a bit—until they read that the author wants to 'thank Twentieth Century Fox for taking a gamble.' This "epic novel, as vast as America itself" is no more than the book before the film (unless I have missed the film) about Magnus Macpherson who made whisky (the author's spelling) and "destroyed the people he loved." It is a good read when you have influenza (or when you just want to rest), and I liked it all in my unworldly imagination—with Burt Lancaster as the lovable old body. It is very competent for what it is. Shadow of the Moon follows the author's best-selling The Fur Pavilions, which was praised as an adventure story by the late Paul Scott. It is again set in India, on this occasion at the time of the Mutiny—the story of which it tells. The high romanticism will not be everyone's taste; but the background is not by means inaccurate. Palms "gasp" in the heat, and the book is by no means bad enough for me to divulge whether, after 614 packed pages, everything turns out for the best. The author is a mistress of a perverted style, and she keeps it up passionately well, and in the best traditions. She deserves praise for her skill, industry and truth to historical if not always, perhaps, to psychological fact. Jeffrey Simmons has written, in A Lucky Fellow, a knowing and sophisticated novel about an actor who, when his marriage fails, becomes a compulsive gambler. His hero, an able man, becomes involved with international espionage, and it seems that he is going to be as unlucky in that as his gambling has been. A good ironic thriller, containing some excellent observation.



Penelope Lively: delving into a dig

Hostage game

BY RACHEL BILLINGTON

Cannibals and Missionaries by Mary McCarthy, Weidenfeld and Nicolson, £5.95, 368 pages

Cannibals and Missionaries is a game, explicitly so, with a diagram and solutions on page 287. It is perfectly acceptable for a novelist to use her characters as pieces in a game of her invention. Iris Murdoch does it very successfully. Yet the pieces in her books, recalling the game of chess in Alice in Wonderland, have an anarchic life of their own. The author's finger moves them with a long-distance delicacy which encourages surprise, humour and suspense. The danger of fictional game-playing arises when the game is directed too insistently. When every move is plotted down to the last angle. This is a particular temptation for the intelligent, highly-educated writer whose mind is fully charged with information relevant to her characters and story. Why should she risk letting them go it alone? But without this control there is no creative art. Research, theory, discussion, the matter of non-fiction, take over. The novel opens with a long description of the Reverend Frank Barber's leave-taking from his family. It is a set-piece of brilliance. Never has been a liberal American religious been more securely pinned to the board. Every move, every gesture, every thought is documented. Furthermore, the Reverend seems to present himself, despite the author's continuing third-person control, as a catalyst for the emotions—both captors and captives. The end is sudden and brutal. It comes as a startling relief to the shifting sands of argument and counter-argument. For a moment we are in the land of the thriller again and not the forum of Miss McCarthy. Of course there is no reason why Miss McCarthy should use the novel in any way that pleases. As long as she can hold her audience. In her acknowledgements she says, "I think warmly of Hanna Arendt who heard a lecture I gave at the University of Aberdeen... Art Values and the Value of Art" and said afterwards, "You should draw on that novel." In the event she made it the centre of a novel, a great picture worth more than a human life. As she says on the polder lengthways, the question preys on hijackers' hostages alike. Between the two they examine its every implication. The political look to the book disappears. So, indeed does the idea of escape or rescue. The balance tips irreversibly. Even in such experienced hands as Miss McCarthy they to a lonely house on a Dutch polder. There they are joined by additional hostages. The time they are not German. The most important paintings from the millionaires' art collections are flown over from America and dropped down on their helicopter. Most important of all is a Vermeer which becomes a catalyst for the emotions—both captors and captives. The end is sudden and brutal. It comes as a startling relief to the shifting sands of argument and counter-argument. For a moment we are in the land of the thriller again and not the forum of Miss McCarthy. Of course there is no reason why Miss McCarthy should use the novel in any way that pleases. As long as she can hold her audience. In her acknowledgements she says, "I think warmly of Hanna Arendt who heard a lecture I gave at the University of Aberdeen... Art Values and the Value of Art" and said afterwards, "You should draw on that novel." In the event she made it the centre of a novel, a great picture worth more than a human life. As she says on the polder lengthways, the question preys on hijackers' hostages alike. Between the two they examine its every implication. The political look to the book disappears. So, indeed does the idea of escape or rescue. The balance tips irreversibly. Even in such experienced hands as Miss McCarthy they to a lonely house on a Dutch polder. There they are joined

In short—Verdicts, gossip and hearsay

Loose Talk by Tina Brown, Michael Joseph, £5.95, 187 pages

Back in the halcyon days of weekly journalism, when the ability to produce literate English was still a prerequisite for inclusion in the New Statesman, I first saw and admired Loose Talk by Tina Brown. I thought she had come a long way since then, the particular "girl" of her own: the red-tape doris of the Marbella Club, printed in this collection of her journalism, still as high, exemplifying her "writing" in the literary

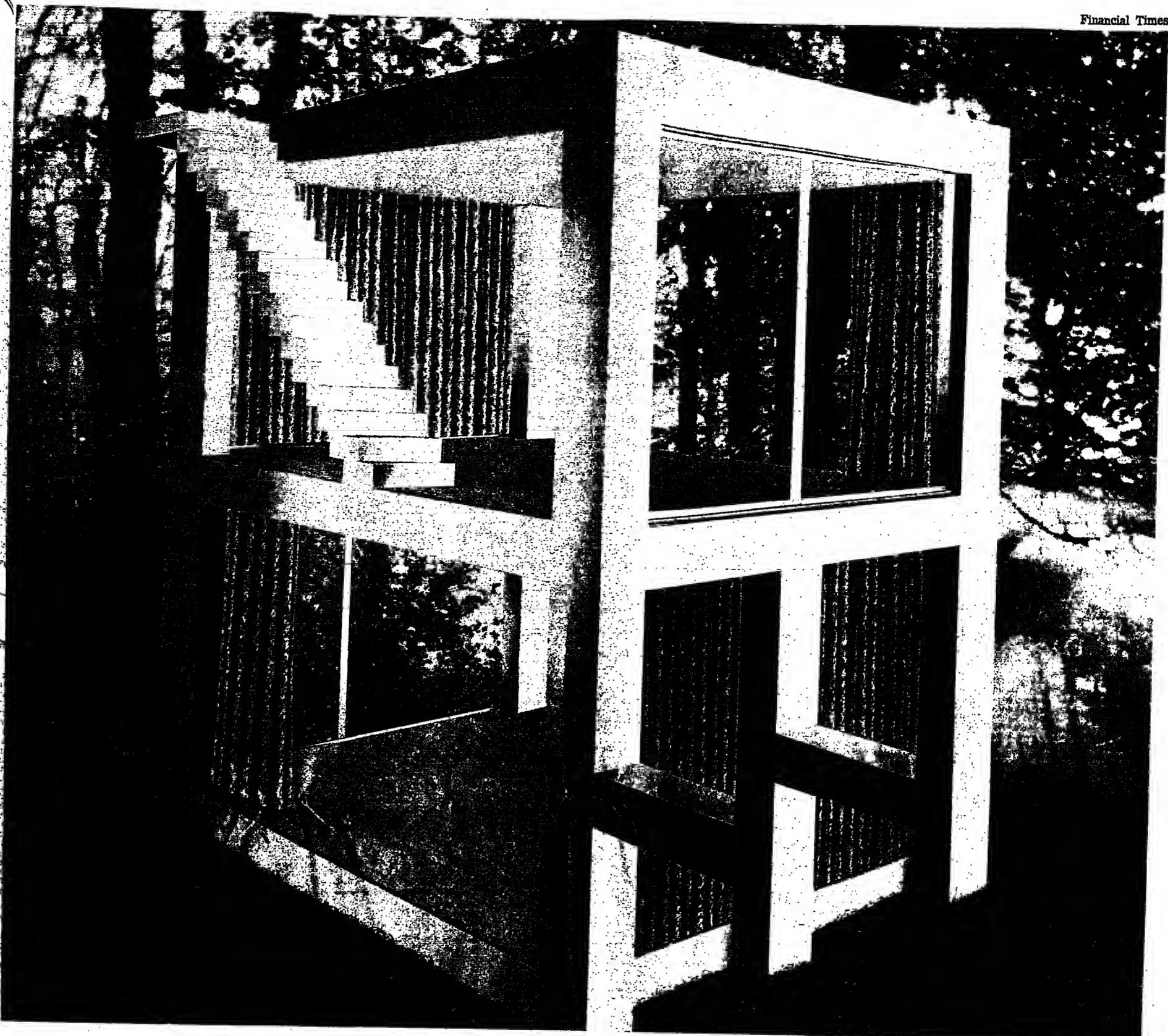
logue, unwarily proffered by the unwise, and mercilessly corralled by the final crack of the authorial adverb. In the best of these pieces, she encounters the publicity freaks of the 1970s: Arnold Schwarzenegger ("He's so gross" brazier "a waitress ecstatically"); Roddy Llewellyn ("Don't quote me on this but Trump is so much nicer at nine o'clock before all the footballers arrive"); Barbet ("Close to Bardot's eye make-up is recklessly applied"). Some of the best pieces are extended accounts of Ms Brown's forays into the lives of those not entirely crucial to the British economy: the seedy latter day gumshoes, the pub strippers, and, in one wickedly hilarious tour de force, Playboy hunnies. The Bunny Mother is "a bunny who rose to middle management, a walking symbol that bunnies can and will go to the top". Her wit is reckless and ruthless, but sympathy softens the portraits of self-publicists, even more of the pathetically aspiring ones: "Geschi's bruised brown eyes scan the restaurant doubtfully. 'All my ex-boyfriends' she insists 'send me Christmas cards'." She only goes adrift when she tries extended essays: her own verbal fireworks too often go up in her own face. Like all the wittiest and best English writers, her strength lies in the exact observation of the minute, the subtle embarrasments of class unease. We live in an age which spawns new sub- and in-groups every day, from punks to Arab punters and their molls. Each group has its conventions and, Tina Brown must continue to chronicle them.

administrative law and Lord Devlin's firsthand experience of the dossier method of trial adds interest to his comparison of the English adversary system with the civil law inquisitorial system. He advocates the high-contrast system as an alternative mode of civil trial in the High Court which, he guesses, would be cheaper in appropriate cases. In the criminal process, he is not willing to abandon jury trial but recommends the use of the inquisitorial system to prepare the case. Leaving the decision to prosecute to the police gives them a vested interest in showing they are right and cases such as Virgo demonstrate their tendency to treat as mistaken evidence any thing which contradicts their opinion of guilt. The acquittal rate is lower in countries where there is an independent examination. Lord Devlin is opposed to judges being employed in creative lawmaking which he defines as using the law to generate a change in the consensus of opinion in the community. Activist lawmaking, meaning keeping pace with the changes in consensus, receives his approval to some extent. But how are judges aware of the changes in consensus? What knowledge do they have of the sociological background against which the laws they are interpreting operate? He reserves his most scathing comments for those who are in favour of judicial training. Criminal judges should not be penologists, he argues; they should apply the law and leave the question of treatment within the sentence imposed to others. This is too simple. The criminal judge has great discretion including whether to imprison or not. As he says, the judge of today

leads an active life. But visiting prisons, sitting on government committees or devoting time to his Inn of Court or old university is not the broadest base from which to learn of changes in the consensus. Lord Devlin writes with wit and pursues his arguments with relentless logic. His delightful turn of phrase and avoidance of legal technicalities help to make this a stimulating collection of essays. DIANA RAWSTRON

The Mellons: A Chronicle of America's Richest Family by David Koskoff, Harper and Row, £6.95, 600 pages

Today, the Mellon wealth must be reckoned in excess of \$5bn. When Fortune updated its league table of American rich, three Mellons were included among the top eight. Dupont and Ford were grouped with the Rockefeller, among the mere super-rich. Only Daniel Ludwig and the heirs of Howard Hughes and Paul Getty, now come to England for a short time, writes, "I don't want to live in England any more." The letter is dated 29 May 1912, the day that Sons and Lovers was published by the elder brother. The closing letter of the book is sent from Bavaria to Helen Corke, one of Lawrence's closest friends from the time he had spent school-teaching in Croydon. "I may come to England for a short time," he writes, "I don't want to live in England any more." The letter is dated 29 May 1912, the day that Sons and Lovers was published by the elder brother. 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So you'll never get planning permission for it...

but you live in style



HUNDRED
PIPERS
FINE SCOTCH WHISKY
from Chivas Brothers

WHISKY 1

Industry rides out its problems

BY CHRIS PARKES

POSSIBLY THE greatest strength of the Scotch whisky industry is that its product is one of the world's few truly international drinks. It is sold in every country, except those where imports are forbidden for religious or political reasons.

But while its export record is admirable—some 85 per cent of all sales go abroad—the responsibilities and difficulties associated with maintaining this trade and the necessary back-up in a protectionist environment are burdensome, to say the least.

As recession bites, there is a tendency for importing nations to act against imports to protect their home industries. A recent National Economic Development Council (NEDC) report claimed the drink now faces some 350 identifiable government-imposed barriers to free trade. Producers have stumbled over European Community regulations, and there is the growing problem of imitation "scotch" whiskies marketed in distant parts.

The industry insists that given careful nursing and close liaison with various government departments it can ride out most of the problems. Scotch is special, they say, and it has consistently withstood all kinds of pressures and still commanded a premium.

There is no denying, however, that the boom in exports of the 1950s and 1960s is unlikely to be repeated in the foreseeable future. During those heady years exports increased by an average 9 per cent a year. Since 1971, growth has slowed to about 5 per cent a year on average and one recent study claimed that, since 1974, expansion has been even lower.

The broad range of difficulties already mentioned has contributed largely to this dampening down, but as stockbrokers Wood, Mackenzie highlighted in a recent analysis, most of the slowdown in overall growth has been due to the U.S. market. Customs and Excise figures show that between 1974 and 1978 exports of Scotch to the U.S. fell 1 per cent while sales to other overseas markets rose 7 per cent. Last year 77 per cent of all Scotch sales went to the U.S., compared with 44 per cent in 1971.

Apart from the ferocious competition in the U.S. drinks market and the discriminatory rates of duty levied there, much of the blame for the loss of ground is laid at the door of the Scotch-makers themselves. Wood, Mackenzie criticised producers for neglecting the

changing tastes among consumers, particularly the young social drinkers who tend to prefer lighter flavoured drinks, taken with mixers. To back its arguments the company points to the strong sales of vodka and other bland spirits, the success of Hiram Walker's promotion of Canadian Club as a drink for younger people and the solid demand for J and B Rare and Cutty Sark which sell well on their "lightness."

The Scotch industry retorts that the real test comes as the younger drinkers grow older and their tastes, preferences and aspirations mature. Advertising is consistently aimed at the 35-plus age-group and focused on Scotch's high-quality, even exclusive, image.

In the U.S. and elsewhere, however, this image has been hurt by the appearance on the market of many brands of inferior-quality "scotch" usually types with a low malt and high grain whisky content. The standard reputable blend contains 35 per cent malt and 65 per cent grain spirit.

Opportunist bottlers snapped up the fruits of a period of over-production in the mid-1960s and have been selling their inferior blends at as little as half normal export prices for better-known standard brands.

The activities of these "cowboys" have been blamed for the lack of progress with Scotch sales in the huge drinks market in West Germany. It is said that largely because these backstreet blenders have been dumping there, Scotch proper has only a 3 per cent share of the total spirits trade.

However, the industry now claims that the excesses of the 1960s have been mostly sold and stocks and current production are back in line with current and forecast demand. Indeed, some in the industry fear the controls on output have been overdone and that there could even be shortages of some types of whisky for blending in the next five or six years.

Accurate demand forecasting is vital in the whisky business. The production line cannot be slowed down or speeded up to match short-term sales fluctuations. Whisky has to be stored and matured for at least three years before it can be blended and sold, and no company is happy to have finance tied up in excess reserves especially at current interest rates.

Given the need for accuracy, it is not surprising that reputable estimates of future demand tend to coincide closely. The

NEDC forecast that between 1978 and 1981 world demand would increase by an average 4.4 per cent a year. Distillers Company, the giant working whisky companies, is working on a range of 4 to 5 per cent, while Wood, Mackenzie plumps for around 5 per cent per annum for the next five years.

The general view is that in the short-term, future annual sales to the U.S. will pick up and increase by an average 2 per cent, thus maintaining Scotch's position in the drinks market there, while the figure will be closer to 10 per cent in the strongly growing markets in Africa, the Middle East and Latin America. Trade in the UK should expand by between 1.5 and 2 per cent a year.

While such prospects appear comforting, shorter-term difficulties can wreak havoc with such projections. In the first half of this year, for example, worldwide trade in Scotch fell 7 per cent to 43.7m proof gallons. Greatest influences were the transport strikes in Britain and the lack of off-take among American buyers who had stocked-up heavily last year, ahead of price increases. As a result, between January and July, sales to the U.S. fell 16 per cent.

In Japan, on the other hand, the strongest market in Asia, imports were 11 per cent higher during the half year at 5.4m gallons. Venezuela, the biggest and most volatile buyer in South America, took 56 per cent less than in the comparable part of 1978, while sales there for the whole of last year were 22 per cent higher than in 1977.

Within this somewhat confusing statistical panorama lie several consistent and promising details which illustrate how the industry's foundations—sales of bulk and bottled blends—are being underpinned. Diversification into single malt whiskies and luxury types has produced heartening and profitable sales.

Single malt whisky, for example, the original Scotch and the only type available until the blenders moved in last century and began the process which took whisky to the world at large, is now a high fashion drink. Most distillers have at least one brand and new labels—new, that is, to the markets beyond Scotland—have been appearing regularly for the past few years. Although sales represent only a tiny proportion of all whisky drunk, single malt's share of the market is expanding at about 15 per cent a year. The

Italians are among the biggest buyers, and together with Britain, the U.S. and other European customers, take about three-quarters of all sales. In the longer term, growth may be limited by the lack of capacity in the specialised distilleries and the over-riding demands of the blenders who must always have first call on supplies.

Luxury blends have also been expanding rapidly. Wood, Mackenzie calculates that in the next five years sales expansion will accelerate to 12 per cent a year and that these types will double their share of the world market to 15 per cent by 1983.

Producers are working hard at promoting their de luxe brands, building up what amounts to an almost exclusive image for them based on the already high quality profile of standard blends of Scotch whisky, they believe, is the cornerstone of Scotch's success in the world so far and its guarantee of further gains.

Keeping up with changing tastes

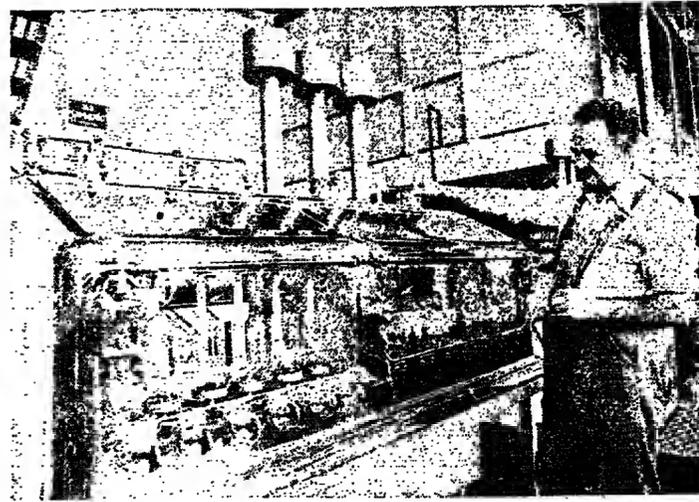
BY DAVID CHURCHILL

HARDENED SCOTCH whisky drinkers have been known to weep at the sight of a top-class malt whisky being mixed with American ginger ale. Fortunately such occurrences do not happen often since the higher price of malt whisky is sufficient to persuade most people to use a cheaper blended whisky for the purposes of mixing.

But it is this traditional high quality image of whisky that probably represents one of the hardest challenges to the growth of the whisky market in the UK over the next decade. The image of Scotch whisky as being something that only real experts can appreciate is fine for the up-market appeal but does little to help counter the dramatic growth in other spirits such as vodka in the numerically more popular section of the market.

The three key factors influencing consumer demand in the UK over the past decade are the growth in the amount of alcoholic beverages drunk by women and young people; the apparent trend towards lighter flavours and colours; and the emergence of the take home sector led by the greater drink sales in supermarkets.

These factors have emerged for a number of reasons. The



The spirit and feint safe at Caol Ila Distillery on the Isle of Islay.

growing numbers of working women, for example, has led to more women drinkers—as have the improvements in pub environments. At the same time women, and young people, have expressed a clear preference for both lighter flavoured and coloured drinks which they believe—however erroneously—are more refreshing or less alcoholic. This has led to the growing popularity of white rum, especially Biscardi, in preference to the traditional dark rums; vodka also has emerged as the fastest growing spirit in the 1970s; and dry white wine's popularity has soared.

Although there are those within the drinks trade who suggest that this emphasis on the trend to lightness can be misplaced—suggesting, for example, that vodka's market growth was long overdue—the shifts in consumer preference show that even Scotch whisky cannot rest on its laurels.

A survey of spirits drinkers, carried out by the Mintel market research company, confirms that young drinkers appear to have little interest in drinking whisky. Only 13 per cent of those polled in the 15-24 age group had drunk whisky,

while 21 per cent had drunk vodka.

Although this and other surveys show that whisky is more popular with the middle age groups (between ages 45 to 54), industry observers believe it wrong automatically to assume that as people grow older (or become more affluent) they will revert to whisky. There is ample evidence to suggest that people adhere closely to drinking habits formulated in their youth; if so, this suggests that the Scotch industry will need to create a more exciting image to attract the next generation of whisky drinkers.

The Mintel survey also revealed that whisky dominates men's spirit drinking, with 41 per cent of the men in the survey admitting to drinking whisky within the previous month. Although only 19 per cent of women said they had drunk whisky within the previous month, this was still the greatest proportion of any single spirit. The order of popularity for both men and women of spirits consumed was whisky, brandy, gin, vodka, white rum and dark rum.

Yet the survey also shows that only 17 per cent of the

total drank their whisky neat (i.e. without any addition of water or any other "mixer" drink). This clearly reflects, "long" drink including a mixer, therefore, the preference for a mixer. Vodka, for example, has the characteristic of being able to be mixed with virtually anything.

The most popular whisky mixer, according to the Mintel survey, was water, used by 23 per cent. Only a slightly smaller percentage drank whisky with ginger ale. Lemonade was next popular, followed by soda and orange and a variety of other mixers.

Mintel reports that twice as many men as women drank whisky neat, while the position was reversed for the popularity of lemonade as a mixer. Lemonade is particularly important in Scotland, used by 35 per cent as the mixer. Mintel says, perhaps tongue in cheek, that this is due to lemonade often being free in Scotch pubs. Water as a mixer is also important in Scotland, but not in London or the South East.

According to the experts, the water of Loch Fathine is traditionally the perfect diluting agent for good Scotch, although the water of any spring will do.

When professional whisky tasters appraise Scotch, they seldom actually take the spirit into their mouth—since this would impose considerable strain on the sensitivity of the taster's palate. The whisky blender works by sniffing the spirit, although he often "awakes" the whisky by adding pure water.

Undoubtedly, one of the areas where whisky can increase its popularity is in the growing trend to mix cocktails. Indeed, one of the main trends foreseen over the next decade is greater consumer preference for variety and a willingness to experiment with drinks. It is likely, therefore, that the following short list of Scotch whisky based cocktails will be greatly expanded over the next few years.

● **Atholl Brose:** This is based on 1½ measures (a measure in this case being whatever consistent amount you prefer) of Scotch whisky, one tablespoon of clear honey, and two tablespoons of fresh cream. A glass should be warmed and the honey and cream poured in. Add the whisky and mix well.

● **Rob Roy:** A half measure of Scotch whisky is added to a half measure of sweet vermouth, shaken well, and served in a cocktail glass.

● **Whisky Sour:** One measure of Scotch whisky (a measure can also be used), plus half a teaspoon of sugar, one teaspoon of egg white, and a quarter of fresh lemon juice. Shake well and strain into a cocktail glass.

● **Hot pint:** Heat four pints of beer and one teaspoon of nutmeg in a pan and add four ounces of sugar. Add three beaten eggs and whisky. This is a traditional drink for Hogmanay.

In addition, there are a number of cocktails using the Scotch-based liqueur Drambuie, the most popular liqueur in the UK:

● **Rusty Nail:** A half measure of Scotch whisky is added to a half measure of Drambuie and should for preference be served in a small cut-glass tumbler.

● **Drambuie Swizzle:** In a tall glass a quarter measure of Drambuie, two tablespoons of sweetened limejuice, a drop of bitlers, and half a cup of crushed ice. Stir until mixture is well chilled. Fill the glass with soda water and serve at once, garnished with mint sprigs.

● **The Godfather:** Take one and a half ounces of Scotch (or similar measure) and add to it ½-ounce of an ounce of Amaretto di Saronno. Serve with plenty of ice. (Recipes by courtesy of Miss Hilary Laidlaw Thomson, and "Cheers—a spirited guide to liquors and liqueurs" by Francesca White, Paddington Press)

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WHISKY 2

Threats to world exports

BY CHRISTOPHER PARKES

THE GREATEST threat to the continued prosperity of the Scotch whisky business — some say even to its continued existence on today's scale — is the growing problem of what the industry bleakly terms parallel trading.

This is essentially a parasitic export business which preys on the traditional means of selling the drink abroad through sole agents. Since Scotch enjoys only a relatively small share of the drinks market in the many countries where it is sold it is not practicable for manufacturers to establish subsidiaries to handle distribution and promotion in each one.

The differential between UK prices and those abroad, particularly in Europe, has encouraged a growing band of independent traders to buy wholesale Scotch in Britain and ship it abroad for sale directly to supermarkets at attractive prices.

These so-called "parallel traders" have few costs other than shipping and insurance and are always able to undercut the local agent. The agent faced with the parallel seller has two options. He can cut spending on sales force salaries, promotion and other services and try to compete with the unauthorised competition, or he can hold out, stand on his reputation and demand for the brand withers.

Brand owners attempting to beat the trade by dual pricing had their schemes ruled out of order by the European Court of Justice. The end result of the cases is well known. While some companies gave up their attempts and let things ride, Distillers Company (DCL) took

the dramatic step of withdrawing Johnnie Walker Red and Haig Dimple from the UK market. The parallelers, deprived of their source, gave up and the overseas agents' interests were saved. Naturally, other brands have been taken up by the unauthorised traders, and there is now a danger that other well-known brands may have to be removed from sale in the UK.

Producers faced with the problem have another option open to them. They could increase UK prices to a level that would make parallel trading uneconomic. But that would simply allow companies producing mainly for the British market to make a clean sweep of the home trade since they would have no need to change their prices.

The Scotch Whisky Association (SWA) and Independent companies are now anxiously lobbying Mr. Peter Walker, Minister of Agriculture, in an attempt to have the European Court ruling reviewed and that considerable damage is being done to the growth potential of the industry and that ultimately jobs could be put at risk.

And while not anxious to overburden the busiest Minister in the European arena, the association is also increasingly worried about a matter of some £20m it claims is owed by the Community in export subsidies. EEC cereals are generally considerably dearer than grain elsewhere in the world and are exported with the help of subsidies.

The SWA argues that cereals exported in the form of whisky are also eligible for restitutions. It bases its claims on a minute from a Council of Ministers meeting in December 1972 at which the Ministers obviously believed agreement on a common alcohol policy was close. Settlement of this policy is probably still a matter of years away, the debt is growing and now the pressure is on for the promised subsidy provision to be enacted independently and the back-dated subsidies paid out.

The industry presents a united front in these battles but the harmony does not extend to

other areas of contention. Producers are bitterly divided, for example, on the rights and wrongs of exports of bulk malt whisky. This spirit is sold mainly to Eastern and Latin American countries where it is mixed with local liquor to produce a whisky suited to local tastes and pockets. Advocates of the trade, and they include most of the smaller companies, claim that the exports absorb output and maintain jobs in many remote distilleries in areas where alternative employment does not exist.

Opponents, including DCL and trade unionists, want the sales stopped. They argue that in continuing the trade the industry is in effect selling its seed corn. Mixtures of Scotch malt and indigenous distillations compete with true Scotch blends and thus limit the prospects for exports from Britain, they say.

Bulk exports from Britain last year totalled 9.6m proof gallons compared with 8.4m gallons in 1977 and 3.5m in 1971. Of this 6.3m gallons went directly to Japan, and there, the critics say, lies the greatest threat to the Scotch trade. Imports of bottled whisky from the UK and Japan are hindered by national legislation while companies in the country range freely selling drinks based on bulk imports from Scotland. The critics of the trade also point with growing alarm to Japanese efforts to break into major traditional markets for Scotch like Australia and the U.S.

Suntory, which holds 70 per cent of the domestic Japanese market, is the biggest single company involved. Being most of its "special" quality whiskies on Scotch malt — without any "mention" on the labels — it is already claiming in its Australian advertising that its Old Suntory blend is the highest selling single brand in the world. This designation

has hitherto been considered the private property of DCL's Johnnie Walker Red.

Even though Suntory's sales outside Japan are hardly booming, the company appears set on moving into export markets and staying there, even if it has to cut prices and lose money in the process. It already has factories in Brazil and Mexico for making whisky based on Scottish malt and in Thailand and the Philippines bottles blends shipped in bulk from Japan.

In the National Economic Development Council's (NEDC) industry study a minority of the working party claimed that the Japanese had failed to make their mark despite "substantial" efforts. Advanced technology and other skills that had done so much for Japan in other industries simply could not be brought to bear effectively on the problem of making and marketing a whisky that compared with and could compete on equal terms with Scotch.

More circumspect contributors to the study felt, however, that the Japanese intentions were clear. Great efforts were being made to establish Japanese whisky as a drink in its own right. Ultimately, once the establishment process was complete, they would be able to reduce or even eliminate Scotch malt content of their blends and cut off bulk imports in their own time.

Going even further, it is argued that Japan aims eventually to take for itself the lion's share of the whisky market in the whole of South East Asia, an area where British sellers have a strong and growing trade.

Opponents of the bulk malt trade also claim that the development of national whisky mixtures elsewhere in the world tends to undermine or blur the image of Scotch. Scotch malt whisky, after all, has special and



The blending room at Mackinlay's blending and bottling plant in Edinburgh

readily detectable flavours not found in other whiskies. It is felt that the consumers' impression of whisky in general is already foggy enough — there are about 40 national whisky "types" on sale around the world — without Scotland contributing further to the confusion and danger to Scotch exports.

The campaigners add weight to their arguments with the charge that discrimination against bottled whisky from Scotland tends to develop in countries where efforts are being made to establish a home whisky industry. By contributing bulk malt to such developing industries Britain, in the words of one observer, is "banding a razor to the competitors



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Nursing the American market

BY DAVID CHURCHILL

SINCE THE U.S. is the largest single customer worldwide for Scotch whisky — accounting for about 29 per cent of total worldwide consumption, compared with 15 per cent by the UK — it is hardly surprising that so much time and effort is spent on trying to predict the future course of demand. When two or more Scotch whisky experts are gathered together, the conversation invariably turns at some stage to what will happen in the U.S. market over the next decade. Equally unsurprising is the fact that virtually every Scotch expert has a different view on the outcome.

The debate, however, is far more than simply an academic one. Because Scotch whisky is matured for several years before consumption, whisky distillers have to balance present production carefully with anticipated future demand. When the supply and demand equations fail to meet in reality, then the industry has problems, especially since it is not in a position to dispose profitably of excess stocks by reducing profit margins.

Customs and Excise statistics, analysed by stockbrokers Wood

Mackenzie, show that after the hey-days of the 1960s, there has been a general slowdown in demand for Scotch whisky. The 1974-78 has shown only a 4 per cent expansion in world demand, compared with a 10 per cent per annum growth rate in the 1960s. "As can clearly be seen, however, the U.S. has been by far the prime influence, with Scotch sales critically down since 1974, against about 10 per cent per annum growth throughout the 1960s," points out Wood Mackenzie.

Other market statistics echo this comment, showing that since 1971 the U.S. market for Scotch has been almost static at an average of 33m proof gallons a year. Another firm of stockbrokers, Fielding Newson-Smith, suggests that "there is at present no reason to expect long-term volume growth in this market, while there is the possibility of steady decline."

Yet while the demand for Scotch may have been static throughout the 1970s, the U.S. drinks market was growing by about an average 3 per cent a year. And there was a marked shift away from U.S. whisky towards vodka in particular and other drinks, such as rum, in more modest proportions. Conventional drinks industry wisdom explains that the rapid growth of vodka and rum sales in the U.S. is part of the worldwide phenomenon of consumers switching their preferences towards lighter coloured and flavoured drinks. However, Dr. David Targett, in a report on the U.S. market for Potomac Distillers, is sceptical of the argument that there is an inexorable trend towards "lightness" in drinks and that this means that the long-term prospects for Scotch are far from rosy.

He suggests that the steep increase in Canadian whisky's market share — some 38 per cent more Canadian whisky by volume was imported into the U.S. between 1970 and 1978 — as well as the more gradual increase in brandy consumed and decline in gin sales are all inconsistent with trends of lightness and mixability. "It is difficult to reconcile the success of Canadian 'light' whisky with the failure of new American whiskies, heavily advertised as being 'light,'" he says.

Instead, Dr. Targett believes that the growth of vodka sales reflects the perceived qualities of vodka as being almost tasteless, a good mixer and having no after-effects. "This uniqueness is fast putting it in the position of being one of the staple, 'default' social drinks like, for instance, wine in France," he says. In addition, he suggests that there is a consumer trend towards a greater variety of taste. "These two factors — the uniqueness of vodka and the trend to variety — together provide a better explanation of the general patterns than the trends to lightness and mixability that others have put forward," he claims.

Brokers Fielding Newson-Smith, however, adopts a different argument, suggesting that based on trade data, there is a progressive trend within the whisky market from the heavier, darker and more

strongly flavoured American whiskies to lighter Scotch and, especially, Canadian whiskies. "This pattern fits so well with the more general trends to lighter spirits and to lighter types of alcoholic beverage that it should be accepted as part of a structural change in American drinking behaviour. It implies for the future that the share of Scotch within the whisky sector has almost ceased to grow and is likely to remain virtually unchanged in the medium term."

In turn this suggests that, within a declining volume of total whisky consumption, Scotch is likely to be entering a phase of medium term volume decline at a rate of perhaps 1 per cent a year. Thus by 1985 U.S. Scotch consumption is projected to have fallen to the order of 33m proof gallons per year for social and economic reasons.

A major factor in the performance of Scotch in the U.S. is the effectiveness of its advertising campaigns. Scotch producers are traditionally heavy advertisers, but there are suggestions that U.S. promotions have been too rigid to reflect changing market tastes and preferences. "Scotch has probably already lost ground in the U.S. because of inferior advertising and may continue to do so unless an advertising effort can be made which complements the strong quality image of Scotch," suggests Dr. Targett.

Other market experts suggest that the quality image of Scotch may also have been damaged by the proliferation of low quality brands and has been "blurred" in selected areas by the development of imitation Scotches, especially from Japan.

Dr. Targett suggests four main trends will develop in the next decade. One is that the greater variety in tastes will result in a further loss of market share by U.S. domestic whisky and continued steady growth in other spirits. Second, Dr. Targett suggests that, while vodka will establish itself as a "staple" drink, the great variety of tastes available in the whiskey range indicates that their market share will not be able to approach that of the total whisky market.

Third, he sees the growth in Canadian whisky beginning to level off and likely to remain 1 to 2 per cent below the market share of Scotch, particularly if Scotch continues to be promoted as a "mixer". And fourth, Dr. Targett believes that Japanese whisky will in the long-term capture a market share from all other whiskies, especially U.S. domestic, but only slightly from Scotch because of its quality image.

Overall, the wide disparity in views over the future course of U.S. demand for Scotch whisky suggests that there may be more than an element of crystal ball gazing about the whole exercise. Only time will prove which forecast is right, although Scotch distillers are baring to base their judgments now on such differing views. However, the range of options open seems to suggest that, at worst, volume sales of Scotch will remain constant over the next decade while other forecasts range up to about 3 per cent per annum growth. Dr. Targett is probably

the most optimistic with his forecast of a growth rate for Scotch of 3 to 4 per cent per annum.

Yet in the short-term the market may continue to be upset by temporary factors. The lorry drivers' strike last winter severely hit Scotch production and hampered exports which were held up in the docks. And there may be some sharp consumer reaction in the U.S. to recent allegations that Scotch whisky contains some cancer-inducing substances. A study of various named brands of Scotch, carried out by the National Science Foundation in Washington, found that six contained minute quantities of nitrosamines — a substance that has caused cancer in laboratory mice. But the effect of this report may be mitigated by the fact that similar small quantities of nitrosamines have already been found in beer, bacon, processed meats and cosmetics. And the Scotch whisky distillers are already taking steps to eradicate even the minute quantities that were discovered.



A customs officer checks a storeroom at the North British Distillery, Edinburgh.

The Case



for Whisky Transport

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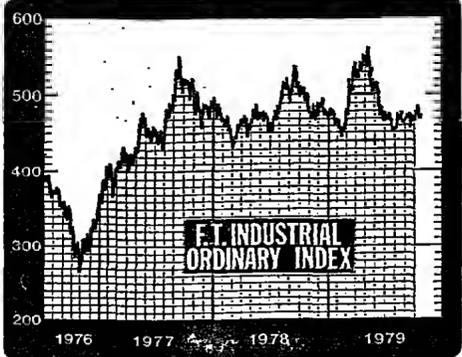
LONDON STOCK EXCHANGE

Combination of U.S. factors and UK monetary pledges produces better feeling throughout stock markets

Account Dealing Dates
First Declara- Last Account Dealings
Oct 4 Oct 5 Oct 15 Oct 24 Oct 25 Oct 29 Oct 30 Oct 31 Oct 31 Oct 31 Oct 31 Oct 31

indecisive at the outset but the lack of selling worried professional bears into closing their commitments and this had an exaggerated effect on prices. Leaders were sometimes showing signs to six but values eased slightly in the absence of follow-through support.

factor was 0.8946 (0.9078). Reflecting the quiet tone of the equity market demand for Traded options fell away and only 602 deals were arranged. The week's daily average, however, amounted to 849—the highest since late July. Court-audits attracted most attention yesterday recording 107 trades.



FINANCIAL TIMES STOCK INDICES
Table with columns for various indices (Government Secs, Fixed Int., Industrial, etc.) and their values for Oct 10, 11, 12, 13, 1979, and a Year Ago comparison.

HIGHS AND LOWS
Table showing high and low values for various stock indices and sectors like Govt. Secs, Fixed Int., Ind. Ord., Gold Mines, and Gold Shares.

LONDON TRADED OPTIONS
Table with columns for Option, Ex'r's Closing Price, Vol., Closing Offer, Vol., Equity Close, and a summary row for Totals.

Banks quiet
A firmer trend was apparent in bank issues but business was minimal. Brown Shipley improved 7 to a 1979 peak of 277p and Joseph (Leopold) rose 10 to 155p, but Hill Samuel warrants dropped 10 to 80p in a thin market.

Motor sectors ended the first leg of the Account on a quiet note. Dunlop returned to favour and added 2 to 80p, while Dowry put on 4 to 80p.

On the week of 14. Elsewhere, London and Provincial Ship rose with a gain of 12 to 232p. Carrington Investments rose 10 to 150p; the price in yesterday's issue was incorrect.

ACTIVE STOCKS YESTERDAY
Table listing various stocks (ICI, Courtaulds, BP, etc.) with columns for Denomina-tion, Closing price, Change, and 1979 high/low.

NEW HIGHS AND LOWS FOR 1979
Table listing new highs and lows for various sectors like Chemicals, Electricals, Engineering, etc.

FT-ACTUARIES SHARE INDICES
Table listing various equity groups and sub-sections with columns for Fr., Oct. 12, 1979, and other metrics.

FIXED INTEREST STOCKS
Table listing various fixed interest stocks with columns for Issue, Amount, Maturity, and other details.

ON THE WEEK
Table listing various stocks with columns for Denomina-tion, Closing price, Change, and 1979 high/low.

RECENT ISSUES
Table listing recent issues of various stocks with columns for Issue, Amount, Maturity, and other details.

FIXED INTEREST PRICE INDICES
Table listing various fixed interest price indices with columns for British Govt. Yields, etc.

BASE LENDING RATES
Table listing various base lending rates for different banks and currencies.

BASE LENDING RATES (continued)
Table listing various base lending rates for different banks and currencies.

"RIGHTS" OFFERS
Table listing various rights offers with columns for Issue, Amount, Maturity, and other details.

FIXED INTEREST PRICE INDICES (continued)
Table listing various fixed interest price indices with columns for British Govt. Yields, etc.

FIXED INTEREST PRICE INDICES (continued)
Table listing various fixed interest price indices with columns for British Govt. Yields, etc.

Renunciation date usually last day for despatch of stamp duty. Figures based on prospectus estimates. Assumed dividend and yield. Forecast dividend; cover based on previous year's earnings. Dividend and yield based on prospectus or other official estimates for 1979. Q Group. Figures assumed. Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. Placing price to public. Placing price unless otherwise indicated. Issued by bank. Issued to holders of ordinary shares as a dividend. Issued by way of capitalisation. Issued by way of bonus. Issued in connection with reorganisation, merger or takeover. Issued to holders of preference shares. Issued to holders of preference shares. Issued to holders of preference shares. Issued to holders of preference shares.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trst Mgrs, Allen Harvey & Ross Unit Trst Mgrs, and others, including their names, addresses, and contact information.

UNIT TRUST MANAGERS (a)(g)

Table listing unit trust managers like National and Commercial, National Provident Ins. Mgmt. Ltd., and others, with their respective details.

OFFSHORE & O'SEAS FUNDS

Table listing offshore and overseas funds such as Alexander Fund, Allen Harvey & Ross Inv. Mgt. (C.I.), and others, including their performance and details.

INSURANCE & PROPERTY FUNDS

Table listing insurance and property funds like Abbey Life Assurance Co. Ltd., Crown Life Assurance, and others, with their financial details.

NOTES
This page includes explanatory notes regarding the data presented in the unit trusts and insurance funds sections.

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FT SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Table of British Funds with columns for Name, Price, and Yield.

Five to Fifteen Years

Table of British Funds (Five to Fifteen Years) with columns for Name, Price, and Yield.

Over Fifteen Years

Table of British Funds (Over Fifteen Years) with columns for Name, Price, and Yield.

Undated

Table of British Funds (Undated) with columns for Name, Price, and Yield.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Name, Price, and Yield.

BANKS & HP—Continued

Table of Banks & HP with columns for Name, Price, and Yield.

CHEMICALS, PLASTICS—Cont.

Table of Chemicals, Plastics with columns for Name, Price, and Yield.

ENGINEERING—Continued

Table of Engineering with columns for Name, Price, and Yield.

AMERICANS

Table of American Stocks with columns for Name, Price, and Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for Name, Price, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores with columns for Name, Price, and Yield.

HOTELS AND CATERERS

Table of Hotels and Caterers with columns for Name, Price, and Yield.

INTERNATIONAL BANK

Table of International Bank with columns for Name, Price, and Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads with columns for Name, Price, and Yield.

ELECTRICALS

Table of Electricals with columns for Name, Price, and Yield.

INDUSTRIALS (Miscel.)

Table of Industrials (Miscel.) with columns for Name, Price, and Yield.

CORPORATION LOANS

Table of Corporation Loans with columns for Name, Price, and Yield.

CANADIANS

Table of Canadian Stocks with columns for Name, Price, and Yield.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase with columns for Name, Price, and Yield.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. with columns for Name, Price, and Yield.

ENGINEERING MACHINE TOOLS

Table of Engineering Machine Tools with columns for Name, Price, and Yield.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans with columns for Name, Price, and Yield.

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CHEMICALS, PLASTICS

Table of Chemicals, Plastics with columns for Name, Price, and Yield.

ENGINEERING

Table of Engineering with columns for Name, Price, and Yield.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. with columns for Name, Price, and Yield.

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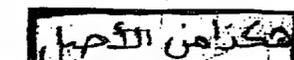
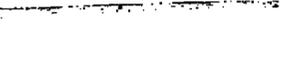
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INDUSTRIALS—Continued

Table of industrial stocks including Shell, BP, and various other companies with columns for stock price, price change, and volume.

INSURANCE—Continued

Table of insurance stocks including various insurance companies with columns for stock price, price change, and volume.

PROPERTY—Continued

Table of property stocks including various real estate and property-related companies with columns for stock price, price change, and volume.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including various trust funds with columns for stock price, price change, and volume.

FINANCE, LAND—Continued

Table of finance and land stocks including various financial and land-related companies with columns for stock price, price change, and volume.

Chestertons logo and branding.

MINES—Continued AUSTRALIAN

Table of Australian mines stocks including various mining companies with columns for stock price, price change, and volume.

TINS

Table of tins stocks including various tin-related companies with columns for stock price, price change, and volume.

COPPER

Table of copper stocks including various copper-related companies with columns for stock price, price change, and volume.

MISCELLANEOUS

Table of miscellaneous stocks including various other companies with columns for stock price, price change, and volume.

GOLDS EX-PREMIUM

Table of gold ex-premium stocks including various gold-related companies with columns for stock price, price change, and volume.

NOTES

Notes section containing various financial notices and announcements.

TEAS

Table of teas stocks including various tea-related companies with columns for stock price, price change, and volume.

MINES CENTRAL RAND

Table of central rand mines stocks including various mining companies with columns for stock price, price change, and volume.

INSURANCE

Table of insurance stocks including various insurance companies with columns for stock price, price change, and volume.

PROPERTY

Table of property stocks including various real estate and property-related companies with columns for stock price, price change, and volume.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including various trust funds and financial companies with columns for stock price, price change, and volume.

FINANCE, LAND, ETC.

Table of finance, land, and other stocks including various financial and land-related companies with columns for stock price, price change, and volume.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including various diamond and platinum-related companies with columns for stock price, price change, and volume.

REGIONAL MARKETS

Table of regional markets including various regional stock indices and company prices.

OPTIONS 3-month Call Rates

Table of options and 3-month call rates including various option contracts and interest rates.



Tecalemit to care for it



MAN OF THE WEEK

Nobel Prize boffin

BY DAVID FISHLOCK

MEN OF truly original ideas rarely bother themselves with the sordid details of what it might cost...

Dr. Hounsfield worked out in fine detail the cost of tooling up a sophisticated system for the market and developing the extensive after-sales service it would need...

Dr. Hounsfield, 60, and still single though wed to invention, is both an electrical engineer and a mathematician of very high order...



Godfrey Hounsfield

Britain's most eminent engineers has remarked that "it uses mathematics I wouldn't pretend to understand now or at any stage of my career."

Other research teams with larger resources than EMI had already rejected as "impossible" the revolutionary ideas for computerised axial tomography (CAT) worked out by Professor Allan Cormack...

Britain itself, while fully appreciative of the value of CAT scanning as a research tool and an aid to accurate, painfree diagnosis, has never been an enthusiastic customer for Dr. Hounsfield's brainchild...

Yet in spite of the problems it has raised for EMI, no invention which earns £21m in six years can be counted anything but a resounding success...

Few men can have amassed so many scientific honours so quickly as Hounsfield: at least 35 in the 1970s alone...

A couple of years ago his odds were good that if they could woo Godfrey Hounsfield away from the CAT scanner, say 32 persons...

Times sets deadline for new NGA deal

BY ALAN PIKE, LABOUR CORRESPONDENT

TIMES NEWSPAPERS has agreed to start immediate negotiations on new agreements with the National Graphical Association...

The decision was accompanied yesterday by a warning from Lord Thomson of Fleet, chairman of the International Thomson Organisation...

NGA members at Times Newspapers are refusing to return to work until they have negotiated complete new pay and conditions agreements...

Tactical aircraft plans to be discussed

By Michael Dome, Defence Correspondent

PLANS FOR the possible joint development in Europe of a new tactical combat aircraft, to replace the Jaguar in the RAF and French air force...

Mr. Francis Pym, Defence Secretary, will meet Dr. Hans Apel of West Germany and M. Yvon Bourges of France...

The meeting is primarily to discuss matters of equipment collaboration, and is not intended to cover such other major outstanding defence issues as the provision of Cruise missiles or other forms of Theatre Nuclear Weapons in Europe...

Billions

But it is likely the Ministers will exchange at least tentative views on this latter issue, before the NATO Nuclear Planning Group meeting in the Hague in November...

Monday's meeting will try to clear the way for new steps forward in the long series of discussions on a new tactical combat aircraft — a programme that could cost many billions of pounds through the 1980s...

Originally devised by the UK under the designation AST-403 (Air Staff Target) for an aircraft that would replace both the Harrier jump-jet fighter and the Jaguar jet strike-trainer...

Renault

market but which will be similar to a car to be launched about the same time in Europe. Although details of this car have not been given, it will have the similar design specifications to many of the new vehicles now being produced in the U.S. with emphasis on low fuel consumption and front wheel drive...

With the launch of this car, Renault will become the second of the big European car producers, after Volkswagen, to establish manufacturing facilities in America. The new Renault-designed car, to be made at AMC's Kenosha plant in Wisconsin, will also help the French company's exports...

In 1978 AMC sold only 140,000 cars in the U.S. Earnings have been rising this year and at the end of nine months of 1979 reached \$173.3m on sales of \$2.3bn, a record for the last decade...

and Media Personnel are in danger of being eroded. Mr. Les Dixon, NGA president, appealed for the negotiations as the only alternative to closure of the papers, which have been suspended for 10 months...

Not for sale

Lord Thomson said from his Toronto headquarters: "I hope very sincerely that Mr. Dixon's view that an agreement can be achieved in such a short time is confirmed."

The decision to meet the NGA for further talks was reached after discussions yesterday between Times Newspapers management and Mr. Gordon Brunton, president of the Thomson Organisation in Britain...

GM gives £30m order to Lucas

BY MAURICE SAMUELSON

LUCAS INDUSTRIES has won a £30m deal to supply fuel injectors for diesel-powered cars being built by General Motors...

The contract gives the British components group a significant penetration of the Detroit car industry. This is important because of the anticipated expansion of the U.S. diesel car sector in the next few years...

A miniaturised injector, known as a Microinjector, is being produced at a specially built plant in Ipswich, Suffolk, by Lucas CAV, the Lucas Industries division which handles diesel development...

Sir Bernard Scott, Lucas Industries chairman, said in London that Lucas had a world lead in this technology and that the Microinjector was "way ahead of anything similar that our competitors have shown."

Lucas is not giving the duration of the £30m agreement in a bid to prevent other companies from calculating the Microinjector's price. The other leading manufacturer of diesel fuel injectors is the West German Bosch company...

It was buying outside the

U.S. because demand for injectors had outstripped the capability of U.S. components manufacturers to supply them. General Motors' production of diesel car models is expected to reach 300,000 in the 1980 model year now under way...

The huge improvement in building society receipts will not make it any easier for the societies to justify the proposed mortgage increase. But Mr. Griggs said the September recovery was due to seasonal factors...

Mr. Griggs emphasised that the underlying trend of net receipts remained at modest levels, about £350m a month, which was not sufficient to meet demand at present. The societies have been offering higher investors' rates since August and these are sustainable only for a short time...

Mr. Griggs said the September recovery was due to seasonal factors. The October inflow of funds could not be expected to be repeated.

Mr. Griggs emphasised that the underlying trend of net receipts remained at modest levels, about £350m a month, which was not sufficient to meet demand at present.

Lucas has a plant in Greenville, South Carolina, to make diesel fuel pumps for the U.S. motor industry, and says that eventually it may produce the Microinjectors there as well. But it began production in the UK because it had to work quickly to win the General Motors order...

The Ipswich plant, which employs 350 people, was set up near the Lucas main fuel injection facility at Sudbury, Suffolk. Lucas has invested £20m over the past three years to update its Suffolk plants...

General Motors is stepping up production of diesel cars to meet the average fuel economy standards imposed on U.S. car manufacturers by the U.S. Administration as part of its energy conservation programme. The Lucas Microinjector also enables General Motors to meet the tough controls on exhaust fumes...

Mortgage rate may still rise next year

BY MICHAEL CASSELL

BUILDING SOCIETY receipts reached their highest point for nearly two years in September and are expected to rise to near-record levels this month. An increase in the mortgage rate in January still looks likely, however...

The Building Societies Association said yesterday that the net receipts last month climbed by £118m to reach £411m, the highest total since December 1977. It also predicted that receipts this month could climb above £500m because of the impending tax rebates.

But Mr. Norman Griggs, secretary general of the association, made it clear that the odds were still firmly on a record 12 1/2 per cent mortgage rate from January 1.

The huge improvement in building society receipts will not make it any easier for the societies to justify the proposed mortgage increase. But Mr. Griggs said the September recovery was due to seasonal factors. The October inflow of funds could not be expected to be repeated.

Mr. Griggs emphasised that the underlying trend of net receipts remained at modest levels, about £350m a month, which was not sufficient to meet demand at present.

Only way

He said: "There can be no question, as things stand, of turning down the tap by offering a lower return to investors. This is the only way in which an increase in the mortgage rate could be avoided in the New Year."

The societies have been offering higher investors' rates since August and these are sustainable only for a short time, before mortgage rates have to be adjusted in line.

Last month, the societies lent £71.5m to home buyers against the record £34.5m in August. They also promised to advance a further £720m, a fall of £47m from the month before.

Although the societies advanced £6.6bn in the first nine months of the year, a total slightly above the corresponding figure for 1978, higher house prices have resulted in considerably fewer loans.

During the year as a whole, mortgage advances are expected to reach a record £3.9bn against £3.7bn in 1978, but the number of loans will be about 710,000, compared with 802,000 in 1978.

Continued from Page 1

Singer plant closure

remaining three European and two U.S. plants, which still leave the company with considerable over-capacity. There will almost certainly be further redundancies, but the company would neither confirm nor deny that it was also considering closing one of its European plants at Karlsruhe, West Germany...

Any new decision is likely to be influenced by projections of sales for next year, on how cheaply the Clydebank closure can be effected and on the outcome of the re-negotiation of the pay and conditions contract for workers at Elizabeth, New Jersey...

In Glasgow the company said yesterday it was trying to find a buyer for the 93-year old Clydebank plant, but it warned: "Clearly the inability to maintain orderly operations, could force an earlier than planned shutdown." A full statement from the unions at the plant is expected next week...

Mr. John McFadyen, the plant convener, told workers at a hastily-called meeting yesterday that he had walked out of the discussion with Mr. Flavin when told there was no room for negotiations to save the plant. However, when he told the meeting that union officials would press for negotiations and apply pressure, if necessary, there was little apparent support...

Feelings appeared to be summed up by one woman who commented: "If we go on strike, we'll get nothing, they will just sack us." Singer has wanted to close it down for the last two years. Now we just want to get it over with."

Mr. George Younger, Secretary of State for Scotland, called the closure a "bitter blow." Working party of representatives of the Scottish Office, the Scottish Development Agency, the Manpower Services Commission and the local authorities in the area, which was already studying the problems arising from the decline of traditional industries on the Upper Clyde, was

being asked to take full account of the effects of Singer's decision.

However, Mr. Bruce Millan, the former Labour Scottish Secretary says Singer has broken promises made to him and to the workforce last year when it said it would maintain a major manufacturing operation in Clydebank. "Nothing has happened since then to justify this reversal of the company's promises," he said. The closure must not be allowed to proceed.

Mr. Lewis Robertson, chief executive of the Scottish Development Agency, called the announcement "very grave news for Clydebank and for all who are concerned about the future of the Scottish economy, as a whole."

The agency would look "promptly and urgently" at any proposal for someone else to take over the factory, which was brought to it for support. "But I would emphasise—in the interests of everyone including the jobs in Clydebank—that the agency will be concerned to see that any proposed enterprise had a viable future. Otherwise the wheel could turn full circle and we could have this setback repeating itself in a little while, which would be no service to the community or the anxious job prospects."

In 1977, total sewing machine production worldwide amounted to 400,000 units, of which Singer produced nearly 175,000 or 44 per cent. Twenty years later, worldwide production was 1.2m units, of which Singer accounted for only about 10 per cent.

Japan, in 1978, produced nearly 29 times as many industrial sewing machines as Clydebank. Singer's oldest and largest overseas manufacturing plant—and had increased its worldwide market share to 67 per cent through low cost-efficient production. In the U.S.—the destination of most of Clydebank's production—the market is less than half what it was in 1972.

Under the proposals announced in June last year, industrial sewing machine production at Clydebank was to be switched from Clydebank to what the company called the "more efficient location" of the U.S. by 1981.

Clydebank was to become the main production centre for a new line of four models of high volume lightweight domestic sewing machines. The plan called for onion acceptance of revised work rules, increased sourcing of parts from outside, and a new productivity-based pay scheme. The workforce rejected the proposals but a compromise, increasing the proposed investments, was later achieved after Singer threatened to close the plant. In June, this year, when the further 600 redundancies were announced, Clydebank was said to have failed to meet the planned rate of production on the new domestic sewing machine plant.

offer for Spillers will increase its outstanding equity capital by more than half. Quite a few of these shares have yet to find a permanent home. For instance, Lazards, Dalgety's merchant bank, finds itself with over 4 per cent of the enlarged share capital as a result of its extraordinary intervention in the bid battle. There might well be loud sighs of relief if it could get out at around 300p, its effective purchase price.

Moreover, Dalgety now has quite a lot of gearing at what is not a particularly auspicious moment in the economic cycle. On the basis of the most recent balance sheets, the enlarged company will have net tangible assets of around £200m to support £110m of loan capital and a net £50m of short term borrowings.

Finally this bid has not been greeted with tremendous acclaim by shareholders in Spillers or, for that matter, Dalgety. The reason for the victory is that investors were more fed up with Spillers than they were uncertain about Dalgety. The victor now has to show that it has the management and the money to make the deal pay off, and that could well take a long time.

Standard Telephones and Cables has come up with interim pre-tax profits nearly 10 per cent higher at £16m and an assurance that its full-year forecast of £32m will be met, despite the engineering strikes and higher-than-expected finance costs. The forecast was, of course, decidedly conservative. STC reckons that unrecovered losses caused by the engineers' dispute may be as much as £3m at the end of the year. In the first half, a similar amount was lost

through the haulage strike, so there should be a good degree of potential recovery in 1980. The telecommunications order book is well up, with over £200m of orders from the British Post Office alone and a year's work for the submarine cable business, which leaves STC in good shape to weather a business recession.

The components manufacture and distribution side is also well ahead, and ought to make over £8m this year, against £5.2m pre-tax in 1978—the company reports that component prices have begun to firm. At 240p, down 4p yesterday, the shares stand at a 50 per cent premium to their June issue price. The p/e is around 15 times fully-taxed earnings end the yield on the forecast dividend 4.8 per cent. This rating, hard to justify on the fundamentals, reflects the lack of marketability of the shares—ITT holds 85 per cent—and the unwillingness of institutions, who have only limited ways of gaining exposure to the telecommunications industry, to sell their STC holdings.

Wall Street has regained some of its composure on the last couple of days, at least in the equity market where some bargain hunting institutions were sighted yesterday morning. But it is going to be hard work to shrug off this week's excitement as a temporary aberration. The bond market has taken a real beating, with falls of as much as five points in some Treasury and corporate issues, and the average yield on corporate bonds has risen by half a point and more to over 10 1/2 per cent. That is upwards of five points above the yield on the Standard and Poors Industrial Average, which is at the high end of the range seen over the last decade. If the economy is going to move into a steep recession then it is quite possible that the yield gap will narrow as interest rates fall and dividend growth comes under pressure.

The gap between dividend yields and short term interest rates is much wider; unusually, money market rates in New York are now more or less in line with the earnings yield on stocks, which is a bit above 13 per cent. So there is very little incentive for the big funds to switch their substantial liquid resources into equities at the moment. It is not at all clear that interest rates have yet reached their highest level, and the running costs of buying shares too soon could be considerable.

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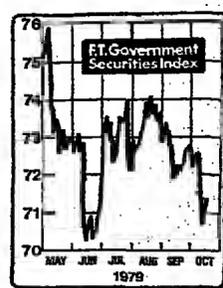
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THE LEX COLUMN

The pit and the pendulum

Index rose 3.1 to 475.0



The pit into which both gilt-edged and equities fell on Wednesday turns out to have been very shallow. As soon as the markets appeared to be stabilising, institutional buyers began to commit funds again on a modest scale, and for the moment cash flow seems to have won the day.

In the gilt-edged market, anecdotal evidence about the state of credit demand is building up in its monthly crescendo. The general feeling is that, despite heavy VAT payments by the manufacturing sector, bank lending has been rather subdued in the month which ends on Wednesday.

If the figures are as satisfactory as rumour relates, the market will have two successive good months under its belt, and talk of lower interest rates can begin again in earnest. Next week should bring confirmation of slow September money supply growth, and the retail sales figures due to be published on Monday should show the sort of sluggish trend that delights bulls of gilt-edged. Yesterday's figures showing the highest monthly net inflow into the Building Societies for nearly two years do not suggest that the income tax rebates will all find their way into the shops.

All this makes it a little easier to overlook high and rising U.S. interest rates and poor labour news, particularly as sterling is holding up well. The long tap stock, Exchequer 12 per cent 1999/2002 "A", is still 2 1/2 points below the Government Broker's last selling price; it will be interesting to see whether the authorities cut the price (assuming enough demand develops) and try to do a little funding before the banking month ends.

Dalgety

With Spillers under its belt, Dalgety is capable of annual profits of a bit over £50m, of which only about a tenth might come from Spillers' volatile flour milling business. That would produce fully taxed earnings of just over £10m per share, and Dalgety has already forecast a net dividend of 22p per share for the year to next June.

So the floor for Dalgety's share price, at least in the short term, is probably not far below the current 234p. At this level, the prospective p/e is around 9 fully taxed while the yield is 11 per cent.

But the ceiling for the share price is not likely to be far away either. The market has not exactly been starved of Dalgety's paper in recent years, and the

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Weather

UK TODAY UNSETTLED. Occasional rain, some sunny intervals. S.E., S. England, Midlands, S. Wales.

Cloudy with outbreaks of rain. Max. 16C (61F). E., N.E. England, Lake District. Becoming cloudy, followed by rain. Max. 18C (64F).

S.W. England Cloudy, occasional rain. Some sunny intervals. N. Wales, N.W., Central N. England.

Cloudy, outbreaks of rain, heavy at times. Max. 15C (59F). Isle of Man, S.W., N.W. Scotland, Glasgow, Argyll, N. Ireland. Dry, sunny intervals. Max. 18C (64F).

Sunny intervals, scattered showers. Max. 13C (55F). Outlook: Continuing unsettled.

WORLDWIDE

Table with columns for location, Y'day, and M'day. Locations include Ajaccio, Algiers, Athens, Barcelona, Belfast, Berlin, Bilbao, Birmingham, Blackpool, Bristol, Cardiff, Casablanca, Catania, Copenhagen, Corfu, Dublin, Edinburgh, Frankfurt, Geneva, Glasgow, Harrogate, Helsinki, Innsbruck, Ipswich, Jeddah, London, Lyons, Madrid, Manchester, Milan, Newcastle, Nice, Oslo, Paris, Rome, Stockholm, Strasbourg, Zurich, etc.

C-Cloudy, F-Fair, FG-Fog, R-Rain, S-Sunny, St-Storm, SN-Snow.

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